



Imagine Your Happiness

Santen Report 2021

Year ended March 31, 2021

Happiness with Vision



The Importance of the Eyes

A World Built on the Ability to See



Sight has played an integral role in the evolution of social infrastructure, interpersonal communication, sports, the arts, business, education and many other human endeavors as we know them today. In a world built on the ability to see, the importance of vision can easily be taken for granted. Closing one's eyes might provide a glimpse of a world without vision, and how it completely changes our actions and lifestyles. The eyes play a critical role at every turn of life.

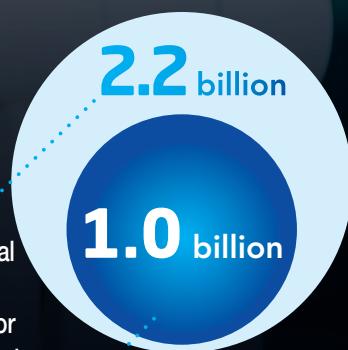
The Importance of the Eyes and Social Issues

Social Issues Related to Visual Impairment

Population with Blindness or Visual Impairment¹

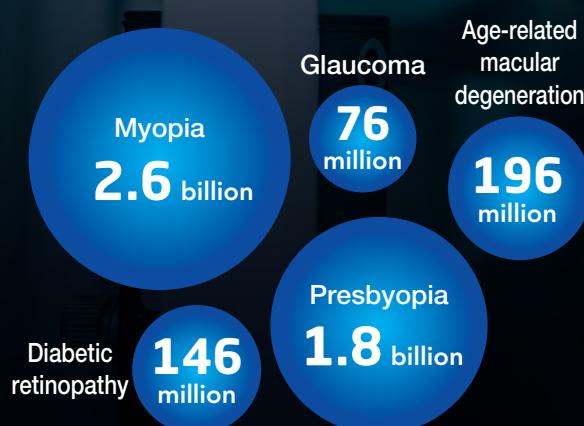
Population living with blindness or visual impairment

Population with a visual impairment that could have been prevented or has yet to be addressed



At least 2.2 billion people worldwide live with blindness or a visual impairment. Of these people, at least 1.0 billion have a visual impairment that could have been prevented or has yet to be addressed. This number is expected to increase due to factors such as population growth, aging societies and changing lifestyles.

Number of People Affected Worldwide¹



People worldwide live with various eye conditions and diseases, and many of us must deal with an eye health issue at some point in our lives. Myopia is considered the world's most common eye problem, and the number of people affected is expected to increase to 3.36 billion by 2030.

Economic Losses due to Visual Impairments

Approx.

US\$ 410.7
billion annually²

Visual impairments, are on the rise globally, are estimated to result in annual economic losses of as much as US\$410.7 billion. Initiatives to address eye health have led to improvements in education and the workforce, making the implementation of such initiatives a key social issue for achieving a sustainable society.

¹ WHO, World report on vision

² The Lancet Global Health Commission on Global Eye Health: vision beyond 2020

CORE PRINCIPLE and WORLD VISION

CORE
PRINCIPLE

天機に参与する *Tenki ni sanyo suru*

"Exploring the secrets and mechanisms of nature in order to contribute to people's health"

* Santen's original interpretation of a passage from the Zhongyong (The Doctrine of the Mean) by Confucius

WORLD
VISION

Happiness with Vision

The Happiest Life for every individual, through the Best Vision Experience



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Editorial Policy

From fiscal 2017, Santen has integrated its former Annual Report and CSR Report into an integrated report that provides a view of overall business activities based on our CORE PRINCIPLE. The integrated report is edited with the intention of informing stakeholders about the value Santen provides to customers and society and includes comprehensive coverage of financial information as well as non-financial information such as management strategies, review of operations and CSR activities. Santen has streamlined content and simplified descriptions to allow for easier understanding by a wide range of stakeholders, starting with shareholders and investors. Detailed information is available on the corporate website.

Applicable Scope

Santen Pharmaceutical Co., Ltd. and consolidated subsidiaries

Reporting Period

Fiscal 2020 (April 1, 2020 to March 31, 2021)

Certain information is updated after April 1, 2021.

Reference Guidelines

The International Integrated Reporting Framework (International Integrated Reporting Council), The GRI Sustainability Reporting Standards (Global Reporting Initiative), Environmental Reporting Guidelines (Japan's Ministry of the Environment) and Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation (Japan's Ministry of Economy, Trade and Industry)



Note on Accounting Standards

The Santen Group has adopted International Financial Reporting Standards (IFRS) from fiscal 2014, for the purpose of enhancing the international comparability of its financial information. Figures for fiscal 2013 have been restated to conform to IFRS for comparison and analysis purposes. Please refer to the link below for key differences between generally accepted accounting principles in Japan (Japanese GAAP) and IFRS, as well as core basis definitions.



Caution Concerning Forward-Looking Statements

This report contains forward-looking statements regarding the Company's plans, strategies and results for the future. All forward-looking statements are based on judgments derived from the information available to the Company at the time of publication. Certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented in this report. These risks and uncertainties include, but are not limited to, adverse economic conditions, delays in new product launches, currency exchange rates, legislative and regulatory developments. This report contains information about pharmaceutical products (including products under development), but such information is not for the purpose of advertising or medical advice.

The following brand names are registered trademarks of Santen's partner companies.
Rhopressa, Rocklatan (Aerie Pharmaceuticals, Inc.)

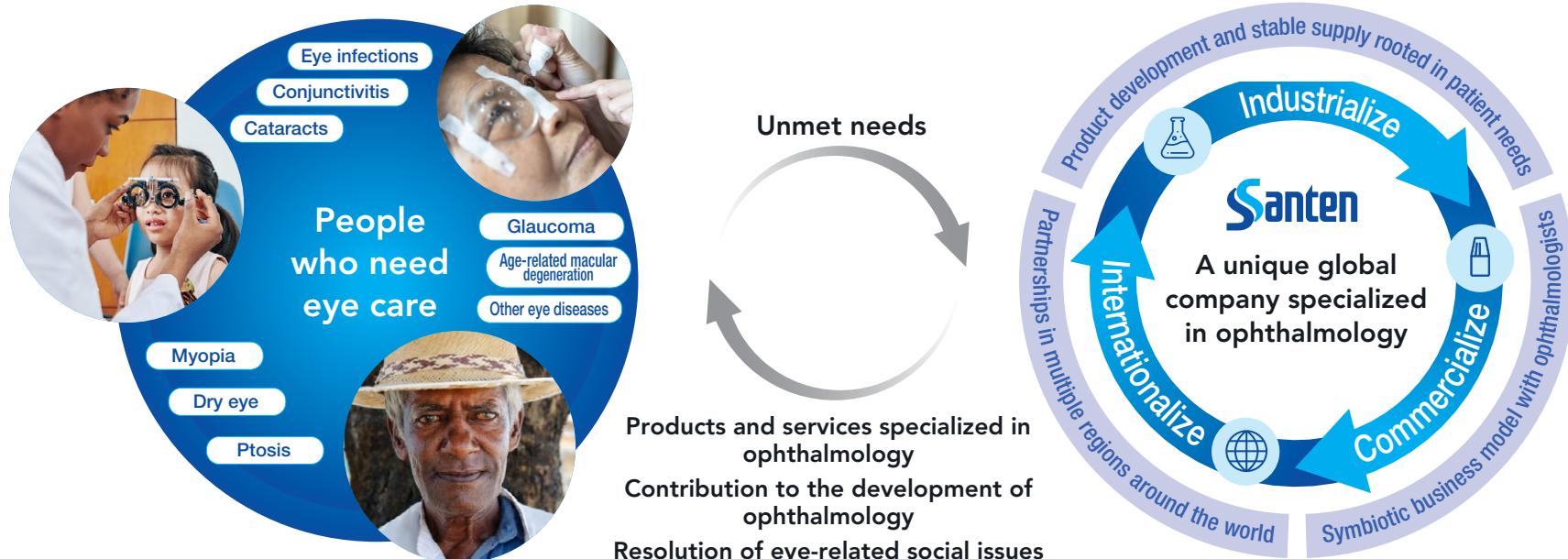
EYLEA (Bayer)
Alesion (Boehringer Ingelheim)
Cravit, Tarivid (Daiichi Sankyo Co., Ltd.)
Livostin (Johnson & Johnson)
LENTIS Comfort, LENTIS Comfort Toric (Teleon Holding B.V.)

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Value Creation

Value Creation Model

Santen specializes in ophthalmology and develops products and services from the patient's perspective. We will contribute to people's lives and achieve corporate growth, leveraging our strengths in industrialization, commercialization and internationalization, and incorporating digital technologies.



Specific strengths

**Industrialize**

- Ability to create products using formulation technologies based on an unparalleled understanding of the characteristics of the eyes as a specialized company with a history of more than 130 years
- Commitment to patient ease of use, from pharmaceuticals to eye drop containers
- World-class manufacturing volume capability of ophthalmic products that have contributed to approximately 43 million patients¹ worldwide

¹ Estimated total no. of patients to which Santen contributed (therapeutic areas: inflammation/allergies, cornea, glaucoma, cataracts) in FY2019 was approximately 43 million, calculated based on JMDC's estimated total number of patients for Santen's Rx products and Santen's shipment data

² Number of Rx products sold in Japan

³ Percentage of ophthalmologists rating Santen the first among companies providing ophthalmic prescription pharmaceuticals. Santen calculations based on external data.

**Commercialize**

- A broad lineup of more than 70 products,² extensive and in-depth expertise in ophthalmology and proposal capabilities based on the patient's perspective
- High customer satisfaction (No. 1 in Japan³), resulting in steady product uptake
- Contribution to the development of ophthalmology in each country and region we serve through measures such as support for the establishment of diagnostic criteria for eye diseases and provision of training for medical professionals

**Internationalize**

- Rollout of our broad lineup of ophthalmic products, in-depth ophthalmology expertise and thoroughgoing patient perspective to more than 60 countries/regions worldwide
- A network of more than 120,000 ophthalmologists and wide-ranging partnerships, from ophthalmology research institutes to IT companies
- Strong presence as a unique global company specialized in ophthalmology, backed by our track record



Global Product Supply Strategy
(Page 23)



Strategies by Region
(Page 24)



Product Development
(Page 29)

For details on our commitment with regard to eye drop containers, please see the Company's website.



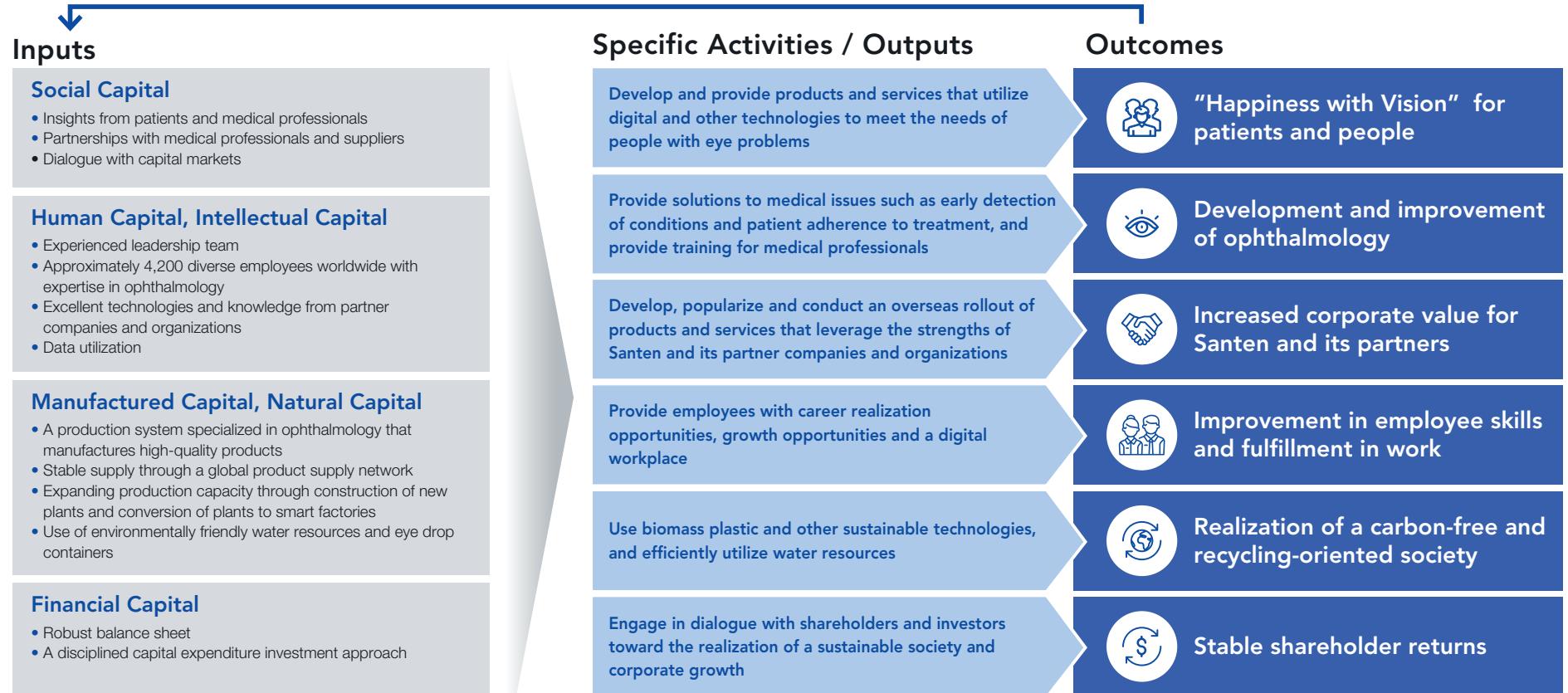
<https://www.santen.com/en/about/activity/use.jsp>



Value Creation

Creating Shared Value

Santen's vision for 2030 and beyond is becoming a Social Innovator that orchestrates and mobilizes key technologies and players around the world to deliver happiness through vision. We are working to create shared value in collaboration with various stakeholders to resolve eye-related social issues and achieve sustainable company growth.



Work Environment (Page 42)



Stakeholder Engagement (Page 60)



Social changes

Increasing population



Aging society



Lifestyle changes



Diversification of needs



Technological innovation and evolution



Increased environmental awareness



Value Creation

Initiatives for Medium-to-Long-Term Value Creation

MTP2025

Profit ratio improvement in core businesses				
FY2025 revenue	Japan	China	Asia	EMEA
	JPY 150.0 billion	JPY 40.0 billion	JPY 35.0 billion	JPY 50.0 billion
Contribution profit ratio	+2pt (41%)	+1pt (42%)	+3pt (40%)	+3pt (30%)
(Figures in parentheses are contribution profit ratios for FY2020)				

Expansion of new areas	
Americas	New Disease
FY2025 revenue JPY 24.0 billion	Start of contribution to profit from new areas including ptosis (STN1013800)



Enhance corporate value

Implement strategic investments and shareholder returns of one-third or more of operating cash flow²



Revenue ▲ JPY **315.0** billion

Operating profit ratio (IFRS basis) ▲ **21%**

Operating profit ratio (core basis) ▲ **24%**

ROE ▲ **13%**

Overseas sales ratio ▲ **50%**

Santen 2030
Become A Social Innovator

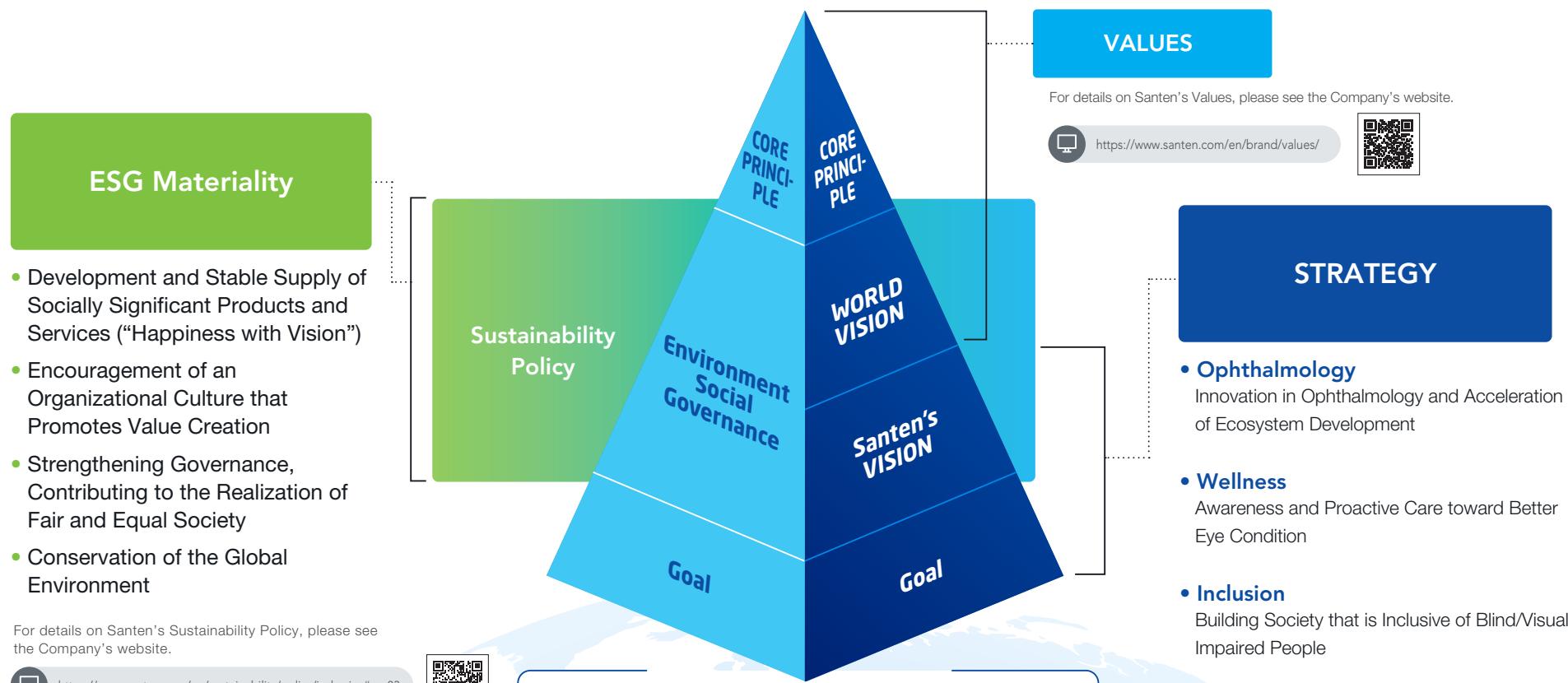
¹ Estimated total number of patients to whom Santen has contributed (therapeutic areas: inflammation/allergies, cornea disorders, glaucoma, cataracts) as of FY2019 was approx. 43 million, calculated based on JMDC's estimated total number of patients for Santen's Rx products and Santen's shipment data

² Secure a dividend payout ratio of at least 40%, and flexibly return surplus funds through share buybacks

Value Creation

Materiality

Santen is pursuing the three strategies set forth in its **STRATEGY** to resolve social issues. Additionally, the four ESG materialities aim at improving medium-to-long-term corporate value. These seven areas constitute the key issues and materialities to be addressed by Santen's management.



Relevant SDGs Starting with contributing to achieving Goal 3, "Ensure healthy lives and promote well-being for all at all ages," Santen is contributing to the achievement of the following United Nations' Sustainable Development Goals (SDGs) through its materiality-related initiatives.



CEO's Message



We announced MTP2025, a medium-term plan for the first five years of the 10-year journey toward Santen 2030—realizing “Happiness with Vision.”

As people’s interest toward well-being continues to rise, Santen aims to realize sustainable growth and enhancement of value to all stakeholders by addressing social issues and by leveraging our company’ strengths accrued over decades as a specialized company in ophthalmology.



Shigeo Taniuchi

Representative Director
President and Chief Executive Officer

CEO's Message

Santen's Mission to Address Eye-Related Social Issues

Santen has been focusing its business on the ophthalmology field for more than 130 years with its CORE PRINCIPLE of *Tenki ni sanyo suru*—exploring the secrets and mechanisms of nature in order to contribute to people's health.

Vision plays a critical role in every moment of life, and our societies throughout the world exist based on the ability to see. Santen's mission is to address eye-related social issues that are growing alongside global interest in eye health.

Dealing with these growing social issues will yield growth opportunities, as we can leverage our strengths as a leading ophthalmology company. Santen addresses unmet medical needs, develops new products and services, and conducts business in more than 60 countries. Santen possesses distinctive experience and knowledge as a global ophthalmology leader, strong customer equity based on long-term commitment to ophthalmology, and a robust global network covering research institutes and industry partners. Hinging on these strengths, Santen aims to create a world in which each individual, through the Best Vision Experience, can achieve the greatest happiness throughout her or his life.

Medium-Term Plan MTP2025: The First Step to Achieving Santen 2030

Santen is currently making strides toward becoming a Social Innovator based on its 2030 and beyond long-term vision, Santen 2030. We intend to achieve this by orchestrating and mobilizing key technologies and players around the world, delivering happiness through vision.

Santen's expansion in ophthalmology solutions and market presence allowed for steady revenue growth with a CAGR of 8.5% throughout the period covered in the long-term vision, Vision 2020. At the same time, it is worthwhile noting that for the period relevant to the previous medium-term plan starting fiscal 2018, **MTP2020** (►Page 15), revenue CAGR was 3.5%, the average core operating profit margin was 20.5%, and the average ROE was 7.1%, which fell short of targets. Although the worldwide COVID-19 pandemic led to unstable conditions, the major factors behind the ROE shortfall were an increase in strategic investment projects and the impact of an impairment loss related to STN2000100 (DE-128). Moving forward, improvements in revenue growth and profit margins, coupled with a transformation into a truly global organization, will be of prime importance.

The three key strategies of **MTP2025** (►Page 16) consist of the following: profit ratio improvement in core businesses; expansion of new areas; and strengthening of foundation as a global company. Our targets for fiscal 2025 are an operating profit margin of at least 21% and ROE of at least 13%, both of which are significant improvements of 10 percentage points or more compared with fiscal 2020. We will achieve these targets by optimizing selling, general and administrative (SG&A) and other expenses, raising productivity and thoroughly improving operational efficiency, in addition to improving revenue by capturing growth opportunities and greater market share.

CEO's Message

Laying the Foundation for Rapid Growth by Focusing on Improving the Profit Ratio in Core Businesses under MTP2025

The first key strategy is profit ratio improvement in core businesses. We will utilize our business infrastructure in each region to achieve profit growth that exceeds revenue growth. Santen's core pharmaceutical businesses in its current operating regions (Japan, China, Asia and EMEA²) are a source of profitability and the

Key Strategies of MTP2025

Leveraging core strengths in pharma business to establish global presence, improve profitability, and capture potential opportunities in ophthalmology



FY2025 Targets

	FY2020	FY2025 Targets
TSR	—	Top 1/2 level in pharma industry
Operating profit ratio ¹	5.2%	≥ 21%
ROE ¹	2.2%	≥ 13%

¹ IFRS basis

² Europe, Middle East and Africa

³ Copyright © 2021 IQVIA. Santen analysis based on JPM 2020.4-2021.3, IQVIA MIDAS 2020.1Q-2020.4Q. Reprinted with permission.

primary factor differentiating Santen from other companies. Demand has remained stable through the pandemic, reaffirming to me the important role of Santen's core businesses in supporting ophthalmic care around the world.

The **Japan business** (►Page 24) is the cornerstone of the Company. With an extensive product lineup and unparalleled customer equity, Santen has maintained the top market share,³ currently over 50%.³ At the same time, productivity per sales representative is among the highest in the industry. Going forward, we will further enhance productivity by stepping up global collaboration and initiatives using digital technologies. During MTP2025, we will also address expected negative events such as patent expirations and National Health Insurance (NHI) drug price revisions, and will improve the contribution profit ratio by continuing to launch new products and formulations tailored to market needs.

Santen's **China business** (►Page 25) also boasts the top market share.³ The China market continues to grow. To fully capture these growth opportunities, Santen is developing new channels including private hospitals and pharmacies, expanding sales of new products such as Diquas and Tapros, broadening its customer base and establishing a presence in new markets. We plan to achieve CAGR of 11% toward fiscal year 2025 and a one percentage point increase in the contribution profit ratio, taking into account a reasonable level of pre-investment on product development in China, digital transformation and other commercial initiatives. These measures will enable Santen to build on its competitive advantage and achieve revenue growth that will more than offset the negative impact from volume-based purchasing as it develops the China business into a medium-to-long-term growth driver for the Company.

In the **Asia business** (►Page 26), Santen will achieve a high contribution profit ratio by leveraging existing business infrastructure to launch a number of new products already sold in other regions and thereby tap into Asia's high market growth. The high number of unmet treatment needs in the region leaves substantial room for long-term market expansion by providing training support to medical professionals and raising disease awareness. Pertaining to the **EMEA**

CEO's Message

business (►Page 27), Santen aims to improve its contribution profit ratio by three percentage points while maintaining a stable growth trajectory. We will achieve this by launching new products and maximizing product value in areas including glaucoma and ocular surface disease, and by augmenting sales activities through digital technologies.

In all regions, we will improve profitability and achieve growth by shifting away from a quantity-based approach toward a quality-based approach when deploying management resources and undertaking other measures.

The second key strategy is expansion of new areas. Santen will enter areas where it expects medium-to-long-term growth and establish a solid foothold for rapid growth in the lead up to 2030. One such area will be the **U.S. market** (►Page 28).

The United States consists of the world's largest market, with the most advanced medical technologies and R&D capabilities. Establishing a presence is critical to the Company's future global growth. Santen's previous United States market entry dates back to 2000, kicking-off with in-house products' sales through its own sales representatives and concluding with a market exit in 2004, and registered as a bitter experience. My lesson of this experience, coupled with our subsequent successful entry into China, EMEA and Asia, indicates that products are not the sole factor determining success or failure for a new market entrant.

An appealing and competitive product portfolio is unquestionably important. Holistic strengths as a business are also important—relationships with the local ophthalmological community, a corporate brand, a global presence, high-quality business execution capabilities and human capital. In our United States market re-entry, we will begin by concentrating our management resources with a focus on the ophthalmic pharmaceuticals business, which is our strength, and fully leverage the organizational capabilities we have cultivated through our global expansion to date. In addition, Santen will deploy the human capital, products and customer base of Eyevance, which Santen acquired in 2020, to build a

framework for rapidly achieving profitability and establishing a market presence.

We will substantially expand profits throughout the Americas with Verkazia, a treatment for vernal keratoconjunctivitis (VKC) that received FDA approval in June 2021, and the steady development and launch of products in our pipeline, in addition to Eyevance's products.

The other new areas envisioned in the second key strategy are portfolio-centered initiatives such as cell therapy and gene therapy, the out-of-pocket market and expansion into digital health. In addition to taking on new challenges in glaucoma, Santen aims to launch products in areas with substantial market growth expectations, including retinitis pigmentosa, myopia, and ptosis. For example, no treatment other than surgery addresses the underlying etiology of ptosis, which affects approximately 260 million people worldwide. Santen plans to begin marketing a product in stages starting in Asia from fiscal year 2023. From existing patients to the general consumer, there are a variety of needs related to ptosis, and I intend to broaden opportunities for growth by addressing them.

Developing an ophthalmology ecosystem will also be essential. In China and



CEO's Message

Asia, initiatives to expand healthcare infrastructure and improve adherence rates will lead to business growth for Santen and solutions to social issues. Moreover, due in part to the impact of COVID-19, the digital transformation of society has suddenly accelerated, and changes in patient behavior are occurring in concert with changes in the healthcare infrastructure, including the spread of out-of-pocket treatment and private insurance. In light of these social changes, Santen will also work to create a new business model for ophthalmology that combines online and real-world aspects at each step—from disease recognition to testing, diagnosis and treatment.

The third and final key strategy is strengthening the foundation as a global company, which long has been an issue for previous years. To enhance **product development** (►Page 29), Santen intends to maximize product value by thoroughly implementing product lifecycle management including through regional expansion, product improvements and additional indications. To strengthen **product supply** (►Page 23), Santen is constructing a new plant in Suzhou, China that will be one of among the world's largest, as well as a new wing of the Shiga Product Supply Center in Japan to handle the increased global demand of recent years and in anticipation of entry into new fields. This will further enhance global competitiveness in both production and quality, leading to growth and improved profitability over the medium term. New systems at these facilities will also reduce environmental impact in terms of energy efficiency, water efficiency and wastewater reduction.

Under MTP2025, we are working as one team to build a solid platform for growth. Achieving profit growth will center on maximizing profit from our core businesses, while as a long-term growth strategy, we also aim to further enhance corporate value while laying the foundation for new fields.

¹ Estimated total no. of patients to which Santen contributed (therapeutic areas: inflammation/allergies, cornea, glaucoma, cataracts) in FY2019 was approximately 43 million, calculated based on JMDC's estimated total number of patients for Santen's Rx products and Santen's shipment data

Implementing an ESG Strategy for the Sustainable Development of Society and Enhanced Corporate Value

MTP2025 specifies ESG-related targets. Our business activities based on our **WORLD VISION** of “Happiness with Vision” (►Page 3) have contributed to people around the world who are facing eyesight-related issues. Contributing to patients worldwide through our products and services is our foremost challenge in light of the Sustainable Development Goals (SDGs). Concern for vision-related social issues is growing worldwide, as illustrated by the World Health Assembly's endorsement of its first targets for eye care in May 2021, and the United Nations General Assembly's recognition of the relationship between eye health and the SDGs in July of the same year. Santen will contribute to the realization of a sustainable society through the stable supply of products and services with social significance, targeting contributions to more than 60 million patients¹ by fiscal 2025.

As a company with global operations, it is crucial for Santen to address ESG issues, specifically conservation of the global environment, diversity, equity and inclusion (DE&I), and governance. Conservation of the global environment (►Page 44) entails quantitative targets for fiscal 2030 of a 50% reduction in CO₂ emissions and a shift to bioplastic for 60% of eye drop containers, and Santen will further accelerate efforts to attain these targets. DE&I is aligned with one of Santen's six action principles: “Turn diversity into advantage.” Each of our approximately 4,200 employees around the world makes the most of their various backgrounds to turn their diversity into an organizational advantage that leads to improved competitiveness. Also announced in this report are our new **DE&I goals** (►Page 38). Santen is focusing on supporting the success of people with visual impairments both inside and outside the Company. For instance, four employees with visual impairments are currently working in Japan. Going forward, Santen also plans to generate employment opportunities at bases overseas.

CEO's Message

For **Governance** (► Page 50), Santen has established a transparent, sound and effective structure. To make the Board of Directors more effective, the Company has structured the Board with the experience of its members and the diversity of their fields of expertise in mind. In recent decisions such as recording an impairment loss on STN2000100 (DE-128) and formulating MTP2025, the opinions of Outside Directors were invaluable in pointing out material issues and offering suggestions from specialized points of view. I will further strengthen governance through ongoing discussions and thereby ensure more appropriate decision-making by management. In addition, the Executive Compensation Committee is currently designing a compensation system linked to the execution of medium-to-long-term strategies and achievement of their targets. In June 2021, the Board of Directors decided to introduce ESG indicators into the executive remuneration system (► Page 55) for fiscal 2021 onward.

By addressing ESG materialities, MTP2025 will not only directly contribute to achieving the target of universal health coverage outlined in the SDGs, but will also contribute to other development goals, such as decent work and economic growth, and responsible consumption and production. Santen is also resolved to continuing to support the United Nations Global Compact.

a dividend payout ratio of at least 40% and intend on the flexible return of surplus cash through share buybacks. Santen has a track record of paying stable dividends while emphasizing dividend increases. We will proactively deliver shareholder returns while maintaining a balance with investments for future growth, and remaining attentive to our cash on hand. Moreover, a target of total shareholders return in the top half of the pharmaceutical industry has been added as a key performance indicator for executive remuneration from fiscal 2021 onward.

In terms of strategic investments, to achieve Santen 2030 we will apply financial discipline in carefully selecting and implementing investments in business development and our pipeline in areas where medium-to-long-term growth is expected. We will fully utilize the assets obtained through these investments to monetize them, and through appropriate re-investment we will make contributions to society centered on patients and ophthalmology and enhance corporate value.

As interest in eye health continues to grow worldwide, we will steadily implement MTP2025 to increase competitiveness as we aim to help resolve social issues and enhance corporate value from a medium-to-long-term perspective. Together with shareholders and all other stakeholders, we at Santen will make a sustainable contribution to society by contributing to the health of people's eyes. We are counting on your continued support.

Increasing Corporate Value by Stepping Up Investment for Medium-to-Long-Term Growth and Shareholder Returns

Santen has always placed strong importance on shareholder returns and MTP2025 makes the shareholder return policy clearer than ever before. In addition to ensuring financial discipline in our strategic investments, we will allocate one-third or more of operating cash flow to shareholder returns, maintain

Shigeo Taniuchi

Representative Director
President and Chief Executive Officer

Medium-Term Plan

Looking Back at Medium-Term Plan MTP2020 (FY2018–FY2020)

Throughout the three fiscal years preceding and including fiscal 2020, we built up core strengths leading to our new medium-term plan, commenced in fiscal 2021. Our next steps consist of seizing new opportunities that will drive growth in global ophthalmology markets whilst maintaining the appropriate equilibrium between strategic investments and profitability.

MTP2020

	Achievements and Issues
Fundamental Policy	<p>By contributing to the QOL of patients worldwide, Santen will realize its long-term strategic vision through 2020 to become a “Specialized Pharmaceutical Company with a Global Presence” while constructing a path for sustainable growth beyond fiscal 2020.</p>
Key Strategies	<ul style="list-style-type: none"> • Grow faster than the market through progress in global business strategy • Enhance the product pipeline and develop new treatment options • Enhance and streamline business framework; boost human resource and organizational capabilities
Financial Targets	<p>Revenue growth rate (CAGR) $\geq 6\%$</p> <p>Core operating profit ratio (MTP average) $\geq 21\%$</p> <p>ROE (MTP average) $\geq 11\%$</p>
	<p>3.5% (Actual) Market growth rate (reference data): Santen business areas^{1,2} 2.3% Global ophthalmology market¹ 6.6%</p> <p>20.5% (Actual)</p> <p>7.1% (Actual)</p> <ul style="list-style-type: none"> • Santen achieved above-market growth in each region it serves in its chosen therapeutic areas. • Santen's growth lagged behind global ophthalmology market growth due to its lack of operational presence in the United States, the world's largest ophthalmology market, and its absence in the retinal therapeutic market, for which unit prices are higher outside Japan. • Santen achieved its core operating profit target. • ROE on an IFRS basis averaged 7.1% during MTP2020 because Santen began amortizing intangible assets and recognized impairment losses related to STN2000100 (DE-128).

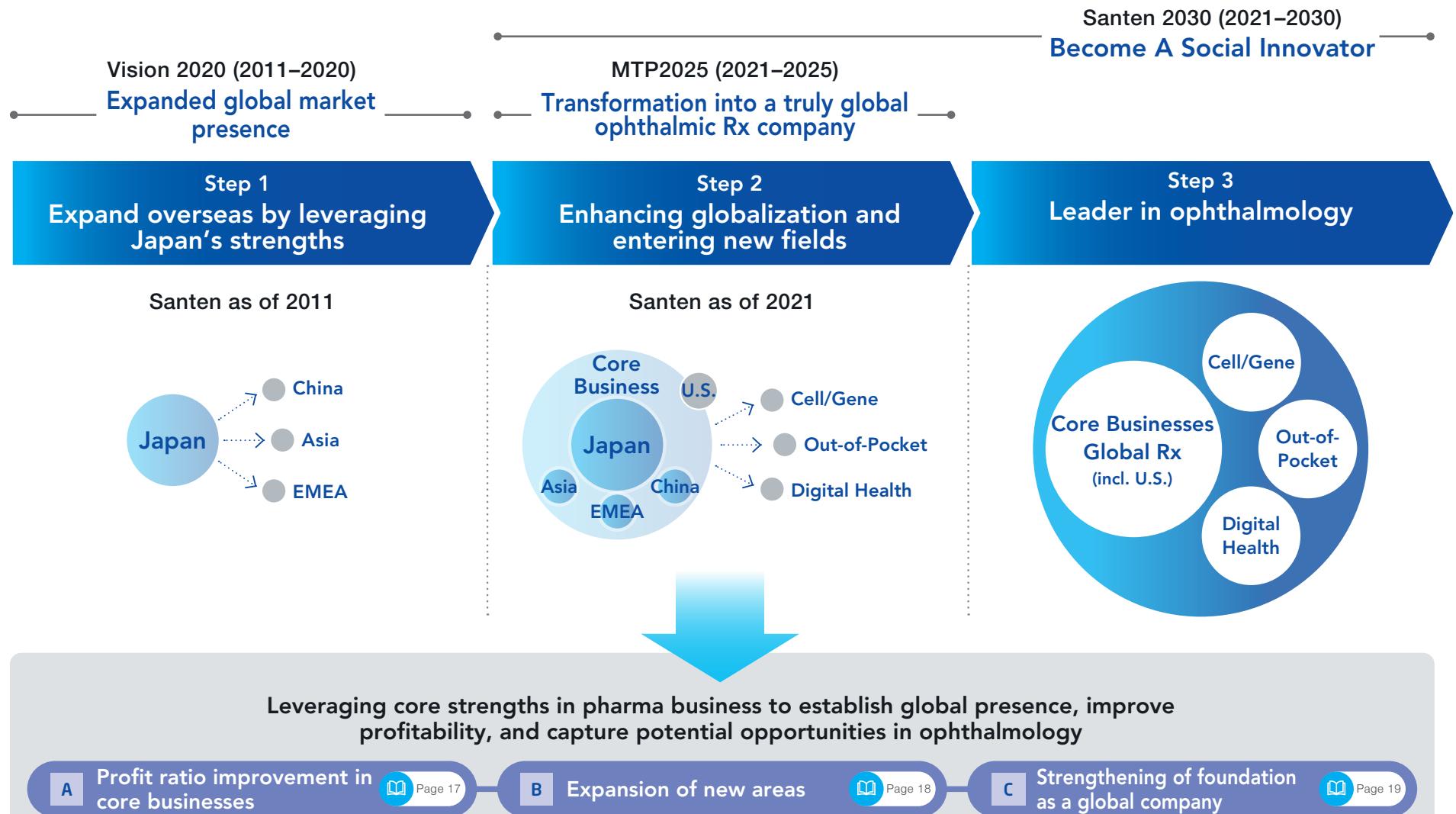
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² Japan, China, Asia, and EMEA. China, Asia and EMEA exclude S1P (retinal area).

Medium-Term Plan

Medium-Term Plan MTP2025 (FY2021–FY2025)

To realize Santen 2030, we aim to become a global leader in the field of ophthalmology, which will include working on new technologies such as cell and gene therapy, and entering and enhancing our presence in the U.S. market. During the five-year period of MTP2025 we intend to evolve into a truly global ophthalmic pharmaceutical company, enhance globalization, and take on the challenge of new areas.



A

Profit ratio improvement in core businesses

B

Expansion of new areas

C

Strengthening of foundation as a global company

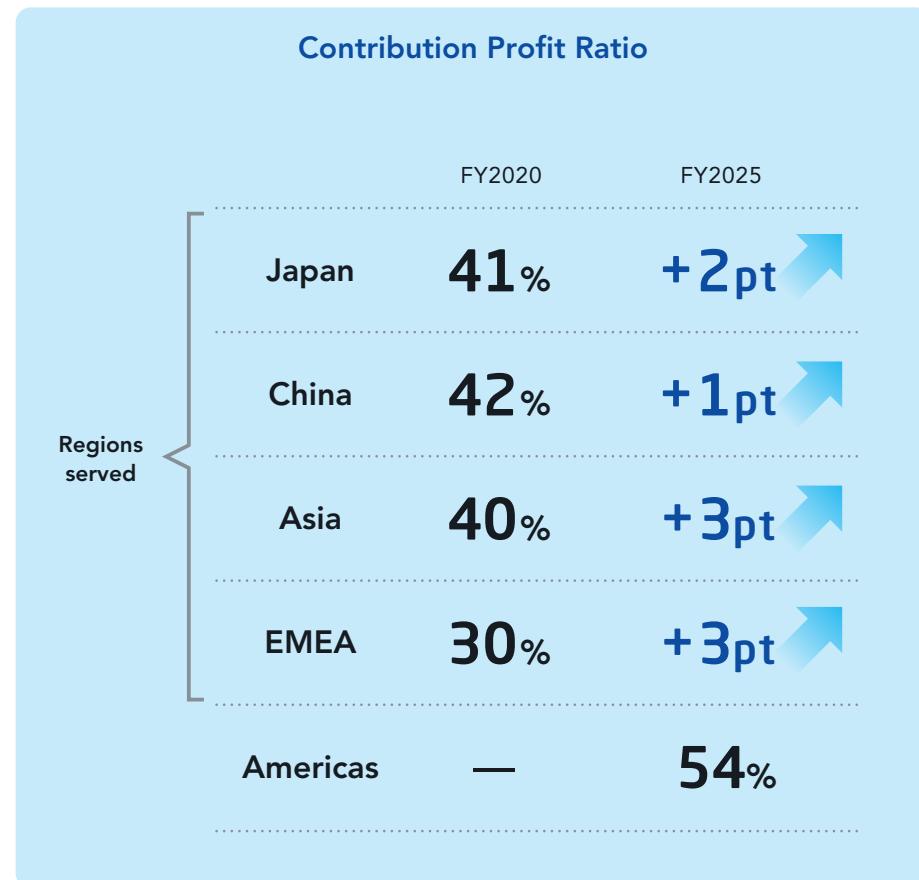
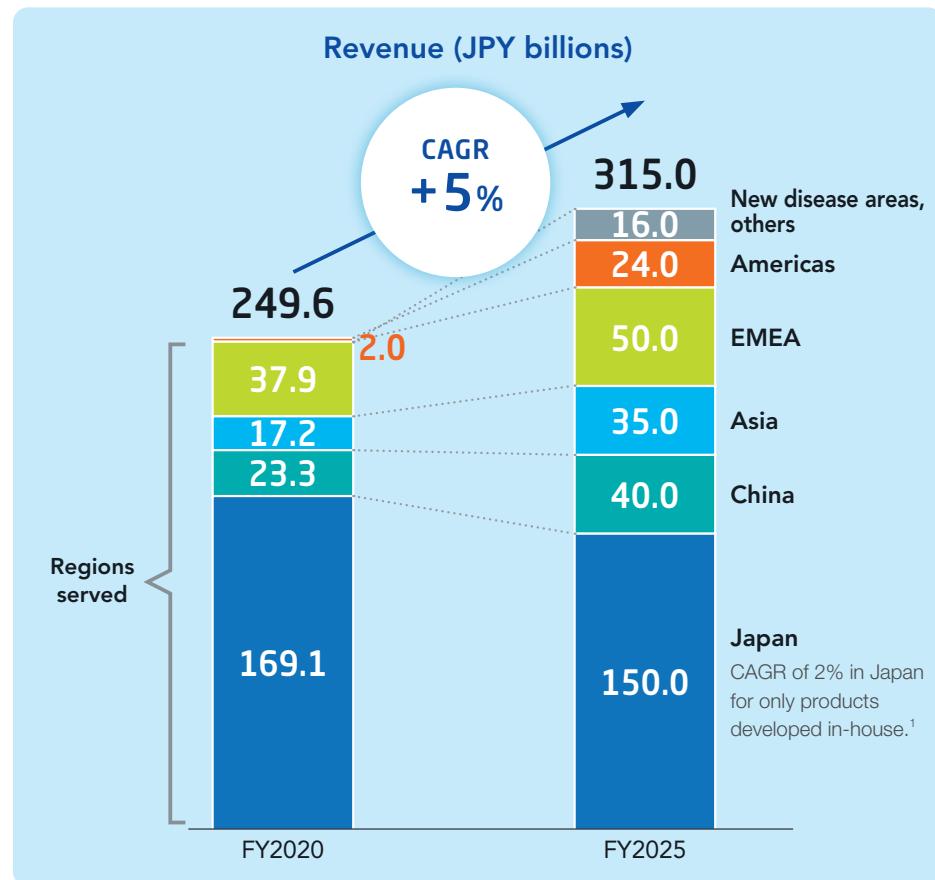
Our core business, ophthalmic prescription pharmaceuticals in Japan, China, Asia, and EMEA, will drive revenue growth through fiscal 2025 by providing products and solutions based on the needs of patients in each region. We will also maximize profits through business strategies that emphasize profitability.



Initiatives for Medium-to-Long-Term Value Creation (Page 7)



Strategies by Region (Page 24)



¹ Products for which Santen holds drug production and sales rights. Includes other revenue.

Medium-Term Plan

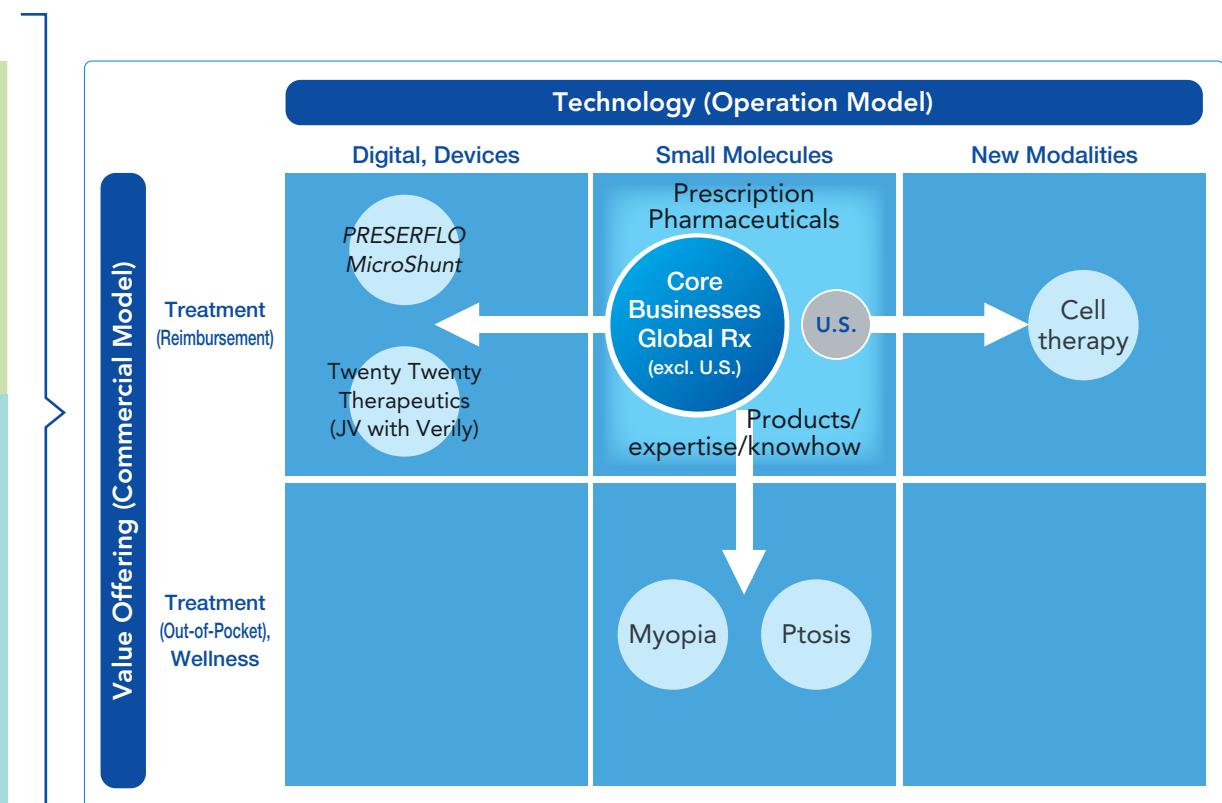
MTP2025



We will also take on the challenge of expanding into new areas that will support growth from fiscal 2026 onward. We will develop our presence in the United States, the world's largest ophthalmology market, by leveraging the strengths we have built up in our core businesses. We will step up initiatives contributing to innovation in areas such as digital health and cell therapy whilst also starting the development of the out-of-pocket medical care market for myopia and ptosis therapies.

Strategies by Region (Page 24)

Santen Strengths Built Up in Core Businesses



¹ Repurposing existing therapies and technologies for different applications

Medium-Term Plan

MTP2025

1 Profit ratio improvement in core businesses

2 Expansion of new areas

3 Strengthening of foundation as a global company

Santen Group transcendently addresses issues respective to each region. We are enhancing R&D and product supply while upgrading frameworks to achieve our goals. In addition, we intend to dramatically improve the efficiency of core operations and profitability through the global implementation of next-generation enterprise resource planning.



Strengthen product development capabilities



Strengthen product supply infrastructure



Reflection in Company-wide financial and business KPIs



Establish global platform

Structure to promote thorough lifecycle management

- Strengthen development structure in the United States and China
- Enhance rigor of investment decisions and project management processes

Please refer to page 56 of the MTP2025 briefing materials for product launch targets for fiscal 2021 onward.



<https://www.santen.com/en/ir/document/pdf/202203/mtg2021to2025.pdf>



Plant investment for business growth and cost reduction

(Suzhou, China: Commence operation in 2025; Shiga, Japan: Complete plant in 2022)

- Promote growth in China through new plant in Suzhou, which will be one of the world's largest plants of its kind
- Reduce environmental impact (reduce CO₂ emissions, improve water and electricity consumption efficiency)



Global Product Supply Strategy (Page 23)



Assurance of Quality and Safety, and Establishment of an Appropriate Supply System (Page 37)



Conservation of the Global Environment (Page 44)

Design KPIs and operational processes suitable for global management

- Management indicators, strategy/monitoring processes, etc.
- Linkage between Company-wide financial KPIs and business/functional behavioral KPIs



Initiatives for Medium-to-Long-Term Value Creation (Page 7)

Introduction of next-generation ERP and global implementation, dramatic efficiency improvements for mission-critical tasks

CFO's Message (Financial Strategies Supporting Medium-to-Long-Term Growth)

Embarking on MTP2025, Investment in Opportunities Unique to Santen Will Maximize Shareholder Value

Previous Medium-Term Plan MTP2020 Overview

To maximize shareholder value, Santen prioritizes return on equity (ROE) from the perspective of maximizing cash flow and reducing cost of capital.

ROE fell below the initial target of an annual average of 11% during MTP2020 due to nonrecurring accounting factors such as impairment losses on intangible assets. On a core basis, we met our initial target for an operating profit ratio of 21%, thus increasing profitability while still being able to make upfront outlays for R&D and other expenses.

In addition, we generated stable operating cash flow. We maintained sound finances by using internal capital resources for all investments in future growth.



Kazuo Koshiji

Senior Corporate Officer
Corporate Administration
Chief Financial Officer (CFO)
Head of Finance and Administration Division

Strategies of the New Medium-Term Plan MTP2025

Santen's fundamental approach remains unchanged. The Company continues to focus on ophthalmology as it increases profitability, maximizes cash creation capabilities, and improves capital efficiency (ROE) to maximize shareholder value. I will work to optimize Santen's capital structure for financial soundness, striking a balance between upfront investment/retained earnings, which will enable future growth, and shareholder returns.

Santen is emphasizing profitability with the target of 13% ROE by the end of MTP2025 and the ultimate goal of 20% ROE for fiscal 2030. We intend to keep SG&A expenses below 30% of revenue for a resilient earnings structure that generates profits in any business environment. This should improve our core operating profit ratio by about 4 percentage points. We also expect to raise the net profit ratio by 5 percentage points or more by reducing the effective tax rate to the low 20% range in fiscal 2025. We are also targeting a revenue compound annual growth rate (CAGR) of about 5% and a compound operating profit growth rate of approximately 10%.¹ We will achieve these goals by improving the contribution profit ratio (improving the operating profit ratio) in all regions and businesses.

We will make effective use of leverage to improve capital efficiency. Doing so presents us with favorable opportunities to optimize cost of capital from the perspectives of cash inflows and cash outflows. While pursuing such opportunities, we will endeavor to maintain an A+ credit rating from R&I as a measure of our financial integrity and sound cost structure, and thereby maximize our ability to make investments.

¹ Core basis. Nonrecurring charges significantly reduced profit in fiscal 2020.

CFO's Message

Resilient P&L: Aim to improve profit margin by about 5% points through profit structure optimization

Strengthen profitability and secure funds for investing to realize Santen 2030

	Direction (FY2020 → FY2025)	Main measures
Cost of sales (%)	Cost of sales ratio increased from 39% to 36%.	<ul style="list-style-type: none"> Decrease in cost of sales ratio by optimizing product and regional mix Efficiency improvements such as the start of operations at the new plant in Japan contributed in the late stage
SG&A expenses (%)	Restrained to the 30% level	<ul style="list-style-type: none"> Review of activities on a new normal basis Improve productivity by introducing next-generation ERP
R&D expenses (%)	Maintain approx. 10%	<ul style="list-style-type: none"> Early development of LCM products × regional development (Strengthen LCM)
Core operating profit (%)	From 20% to 24% From JPY 50.1 billion to JPY 75.0 billion	<ul style="list-style-type: none"> Improve by 4% points to balance upfront expenditures for the future with short-term profits
Operating profit (%)	From 5% (16% ¹) to 21% JPY 12.9 billion (JPY 38.0 billion ¹) to JPY 66.0 billion	<ul style="list-style-type: none"> Absorbed depreciation costs associated with CAPEX and business development investment Improvement of about 5% points
Taxes (%)	From an effective tax rate of 47% (28% ¹) to the low 20s%	<ul style="list-style-type: none"> Globalization and optimization of revenue sources
Net profit (%)	From 3% (12% ¹) to 16%	<ul style="list-style-type: none"> 5% points improvement in after-tax profit base

Capital Allocation

We will supplement net cash from operating activities with external funding while maintaining sound, stable finances. We will also mitigate long-term funding risk by laddering redemptions and repayments. In addition, we are centralizing financing at its International Financial Head Quarter (IFHQ) in Geneva, Switzerland, thereby

improving capital efficiency by funding regional capital requirements using a cash management system.

We will invest in capital expenditures and business development to generate future growth. Santen recognized impairment in fiscal 2019 and fiscal 2020 for assets acquired during the FY2014-2017 Medium-term Management Plan. Investments are

¹ Assumptions excluding one-time factors such as impairment

CFO's Message

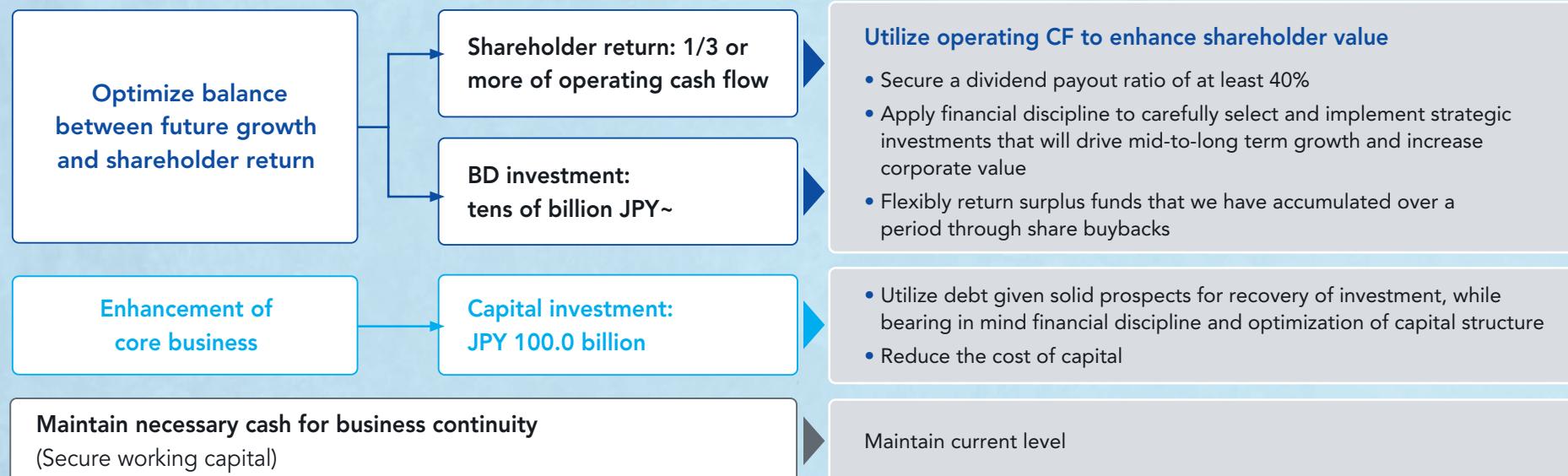
our top priority because shareholders and the capital markets expect us to create value by allocating capital to opportunities only Santen can turn into successes. The large-scale capital investment cycle we initiated in fiscal 2020 to enhance global competitiveness that includes increasing production capacity in Japan and China, and upgrading ERP is key. We will also continue to invest strategically to acquire external resources that contribute to growth in our businesses. We will evaluate investments to ensure that they are accretive in the near term, and enhance asset turnover in existing businesses, which should mitigate the negative impact on capital efficiency from asset growth. In addition, my intention is to increase return on invested capital by optimizing the balance with respect to volatility between low-risk capital investments and investments in business development that are more subject to external factors beyond our control.

Shareholder Returns

Shareholder returns are a priority for Santen's management. Our goal is to increase total shareholders return (TSR) through direct payment of dividends and share price increases over the medium and long term.

First, we will maximize profits by enhancing the profitability of the investments discussed earlier. We expect this will contribute to medium-term share price gains. Dividends are the primary form of shareholder returns. Santen also intends to deploy its internal capital reserves accumulated over a period to further enhance shareholder returns through share repurchases subject to market conditions. This will reward medium- and long-term shareholders. Specifically, we plan to deploy approximately one-third of operating cash flow as shareholder returns while targeting a dividend payout ratio of around 40%.

Capital Allocation & Shareholder Returns Policy



Global Product Supply Strategy: Building a Network and Expanding Production Capacity



Aiming to Optimize the Product Supply Network for Growth through 2025 and Beyond

Akio Kimura Senior Corporate Officer
Global Product Supply

Building a Product Supply Network as a Source of Competitiveness

For a healthcare company, stable and reliable product supply underpins trust from patients and others. In order to ensure stable delivery of products to patients worldwide, we have been strengthening our global product supply network through various measures. These measures include reorganizing our production bases, shortening lead time for supply by conducting final packaging at destinations, and reducing costs by changing manufacturing site from CMOs to in-house. As we look ahead to our further globalization and product

diversification, we have started to increase production capacity with the aim of building a flexible product supply network.

Santen made large-scale capital investments in the mid-1990s, including the construction of new plants. Since then, we have responded to increases in demand by raising productivity, namely by stepping up operation of existing equipment and making ongoing improvements at manufacturing sites. This enabled us to steadily increase annual production volume to the present level of about 400 million units.¹ Demand for our existing products is emerging globally. Furthermore, our solutions are diversifying as we expand our operations into new disease areas. Given this backdrop and in anticipation of medium-to-long-term changes in our business environment, we are working to strengthen our production bases. This includes commencing construction of a new plant in Suzhou, China and expanding the Shiga Product Supply Center (PSC). The new Suzhou Plant, scheduled to start operations in 2025, will have an annual production capacity of 840 million units.¹ We expect the plant to serve as a production base for the Chinese market, for which we anticipate further growth.

Santen has established a long-term strategic framework for product supply, identified future issues in production and supply from eight perspectives, and formulated a product supply strategy under MTP2025 from the perspective of overall optimization, unconstrained by past methods and frameworks. In addition to building a strong business infrastructure by acquiring, maintaining and optimizing management resources, we will aim for global excellence through prompt product launches, technological innovations for improved productivity, and compliance with laws and regulations, in order to distinguish ourselves by increasing customer satisfaction.

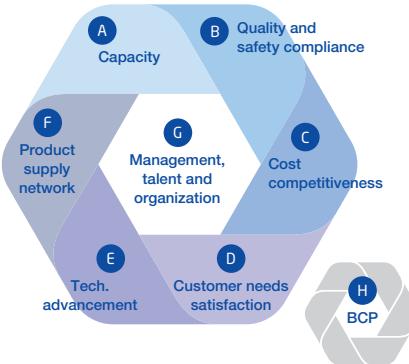
Proactively Responding to Change to Increase Our Advantages

Enhancing our competitiveness amid the coming dynamic changes in the business environment will require a proactive approach. We must not only provide a stable supply of high-quality products, but also accurately forecast demand by

gaining an in-depth understanding of patient needs and the market environment in each country or region. Given the amount of time and investment entailed in the construction of new facilities and production lines, we are called on to make predictions several years hence with extremely high accuracy. I am committed to creating an organizational culture that strongly supports employee growth by promoting collaboration between employees across regions and departments and establishing a structure that enables access to the latest information on the business environment. Improving productivity and providing a stable supply of products globally will lead to Santen making an even greater contribution to patients and society.

¹ 5mL unit equivalent

Long-Term Strategic Framework for Product Supply



Rendering of planned third wing (building at back of image) in Shiga, Japan



Rendering of new plant in Suzhou, China



Assurance of Quality and Safety, and Establishment of an Appropriate Supply System (Page 37)

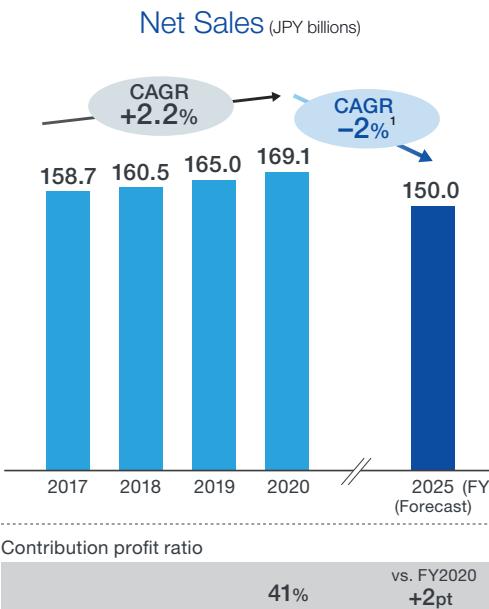


Conservation of the Global Environment (Page 44)

Strategies by Region

Japan

Contributing to Ophthalmology as a Solutions Provider



Santen has leveraged its experience and expertise spanning approximately 130 years to establish a dominant presence in Japan. During our previous medium-term plan, we aimed for “Transformation into an Ophthalmic Solutions Provider” and created and led the market by providing total solutions for ophthalmology that encompass prevention, diagnosis, treatment and follow-up. For glaucoma, which requires ongoing treatment, we provide approximately 2,000 medical institutions² with the ACT Pack, a program to support continuing outpatient glaucoma treatment. According to one report, introduction of the ACT Pack increased the adherence rate at six months after the start of treatment from approximately 42% before introduction of the program to approximately 94%.³ In addition, products that drove sales included Alesion LX, which has longer-lasting effectiveness than the former Alesion, and EYLEA,⁴ which was launched in a prefilled syringe formulation (intravitreal injection kit). Fiscal 2020 revenue in Japan was JPY 169.1 billion, and our share of the prescription ophthalmic market reached a record high of 51.1% on a value basis⁵.

Under MTP2025, we plan to achieve JPY 150 billion in revenue in Japan in fiscal 2025. Even in a severe business environment that will include patent expiration for existing products and National Health Insurance (NHI) drug price revisions, we aim to improve the contribution profit ratio through a reorientation of our product portfolio, which will



include continuously launching new products and providing solutions, among other measures.

In the dry eye area, in fiscal 2022 we intend to launch a new formulation of Diquas that is applied three times per day, which will help reduce the burden on patients.

One issue with treatment using ophthalmic solutions is that some patients have difficulty facing upward to properly apply eye drops. This is especially true for glaucoma patients, of which many are elderly, so in fiscal 2023 we plan to add lineup extensions for Tapros and Tapcom with a new instillation system that does not require the user to face upward.

In the area of allergies, we are focusing on promoting sales of Alesion LX while following it up with the development of new formulations. We aim to improve patient quality of life by further reducing eye itchiness caused by allergies.

We will continue to contribute to ophthalmology by providing products that meet the needs of patients and medical professionals.

¹ CAGR of 2% for only products developed in-house (products for which Santen holds drug production and sales rights; includes other revenue)

² As of March 31, 2021

³ Tanaka, Toshihiro (2020). Ganka, 62(8): 801-807

⁴ Co-promoted product of Bayer Yakuhin, Ltd. (MAH)

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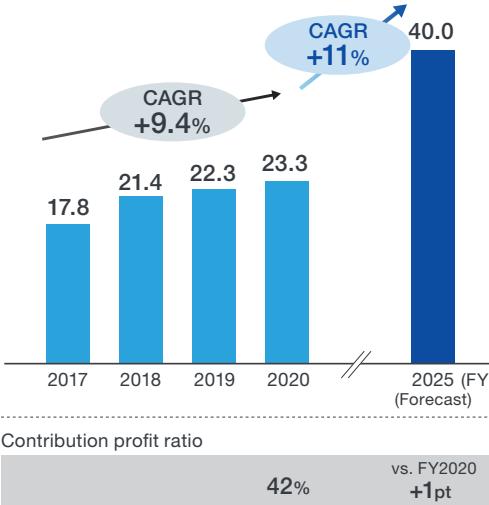


Strategies by Region

China

Expanding New Products and Sales Channels with the Aim of Sustainable Growth

Net Sales (JPY billions)



Santen has expanded its presence in China by building its own sales network and collaborating with key opinion leaders, academic societies and others. Under the previous medium-term plan, we aimed for double-digit growth by expanding market coverage and improving customer satisfaction. Other activities during this period such as market coverage expansion and support for training of ophthalmology medical professionals also helped to increase our presence in the Chinese market, and we achieved the top market share on a value basis.¹ However, due in part to the COVID-19 pandemic and the impact of volume-based purchasing, revenue CAGR for the plan period was 9.4%. Going forward, Santen must anticipate the rapidly changing external environment, including healthcare system reforms and patient consultation behavior patterns, and take strategic measures.

We are aiming for double-digit growth with a revenue target of JPY 40 billion in fiscal 2025 and CAGR of 11%. Our main strategies for achieving these targets will be to focus on expanding sales of new products *Tapros* and *Diquas*, developing channels such as private hospitals and pharmacies, and collaborating with local partners. *Tapros*, a treatment for glaucoma and ocular hypertension that has been listed as a first-line treatment in China's National Reimbursement Drug List since 2019, held the top share of

the prostaglandin monotherapy market in January–March 2021 at 32.6%² on a volume basis. In addition to increasing sales of this product, we will work to surface demand in the glaucoma market through epidemiological studies, disease screening and awareness raising activities.

As dry eye-related needs increase in tandem with changes in the social environment, we will focus on further sales expansion by promoting *Diquas* as a treatment for dry eye syndrome that has an improving effect on abnormalities in lacrimal fluid secretion. We will also step up an evidence-based approach in our sales activities, using digital technology to provide information.

Although the market in China is expected to continue expanding due to population growth and the aging of society, the external environment is changing daily as a result of government policies, intense competitive conditions and other factors. We will continue to stay ahead of changes in the environment as we work to develop an ecosystem for ophthalmology and supply valuable products.

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² Copyright © 2021 IQVIA. Santen analysis based on MIDAS 2021.1Q. Reprinted with permission.



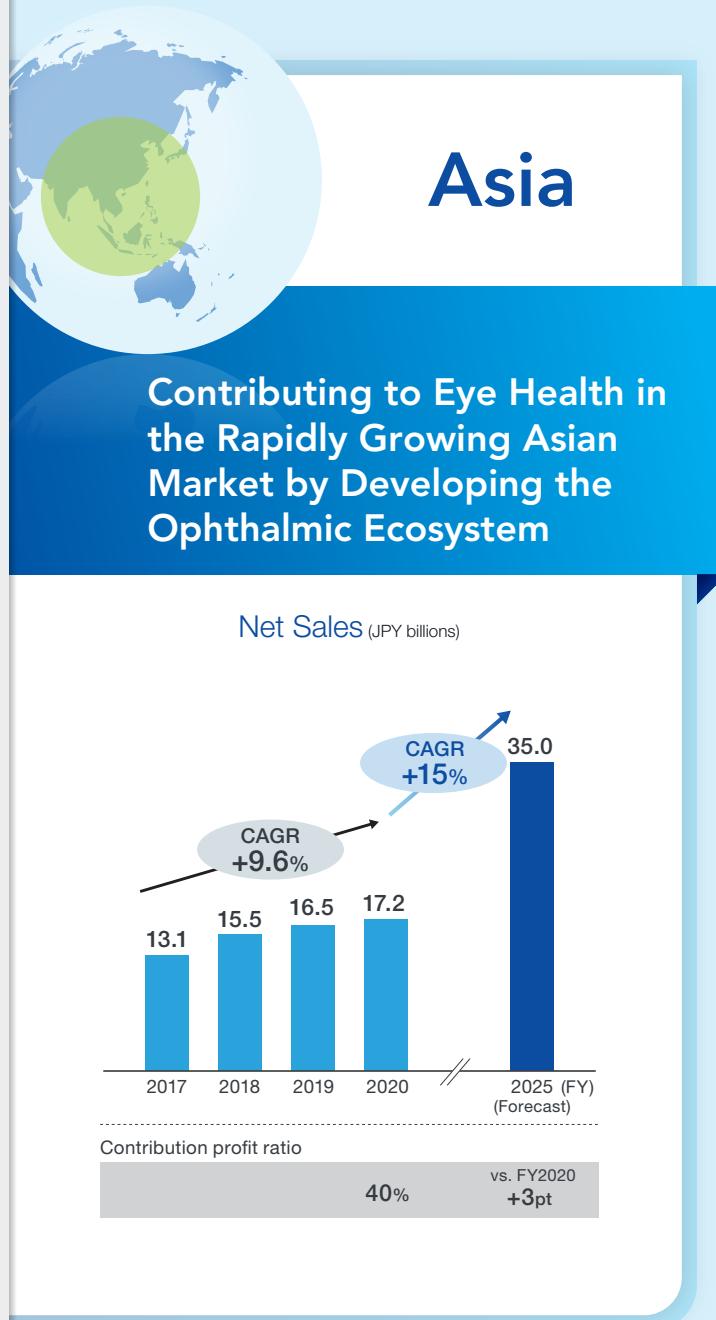
Treatment for glaucoma and ocular hypertension *Tapros*

Treatment for dry eye syndrome *Diquas*



Glaucoma screening in Liaoning Province

Strategies by Region



Santen currently conducts business in 16 countries and regions¹ in other parts of Asia. Under the previous medium-term plan, we aimed for a growth rate exceeding that of the market (in the high teens) through successive launches of new products, collaboration with key opinion leaders and academic societies, and entry into the Indian market. CAGR for Santen's revenue in the region was 9.6%, compared with 5.7%² for the market as a whole. Going forward, we will further expedite business growth through measures addressing the ophthalmic ecosystem, such as remote provision of information and collaboration with academic societies, in addition to conventional face-to-face methods. Our market share in Asia has grown in nine countries (including Thailand and the Philippines), reaching 9.2% in fiscal 2020, a year-on-year increase of 0.3 points.³ This success was a result of addressing customer needs, and strengthening sales and marketing operations as well as medical affairs functions to provide products and services tailored to the region. In fiscal 2020, we launched 13 new products⁴ in Asia, including *Eybelis* in South Korea (first launch outside Japan).

We are aiming for revenue of JPY 35 billion in Asia (15% CAGR) in fiscal 2025. We will use our mainstay product lines, including *Diquas*, *Tapcom* and *Eybelis*, as growth drivers and work for greater market uptake of our products.

Although the Asian market is expected to grow due to economic growth and other factors, it requires approaches

tailored to circumstances in each country and region due to differences in demographics, the number of ophthalmologists per person and levels of disease recognition. Conducting activities to contribute to the development of ophthalmology in Asia and rolling them out country by country will be crucial. Such activities will include raising awareness of diseases in cooperation with key opinion leaders and our partners, and providing support for training ophthalmologists in collaboration with academic societies and doctors. Specifically, in June 2020, we concluded a strategic alliance with Plano Pte. Ltd., a health tech company in Singapore, with the aim of providing technological solutions for myopia, which is on the rise among young people. In October 2020, we entered into a long-term partnership agreement with Orbis International to accelerate the growth of quality eye care systems by building the capacity of eye care professionals and developing digital technologies. We will continue to contribute to eye care in Asia through the development of the ophthalmic ecosystem.

¹ As of March 31, 2021

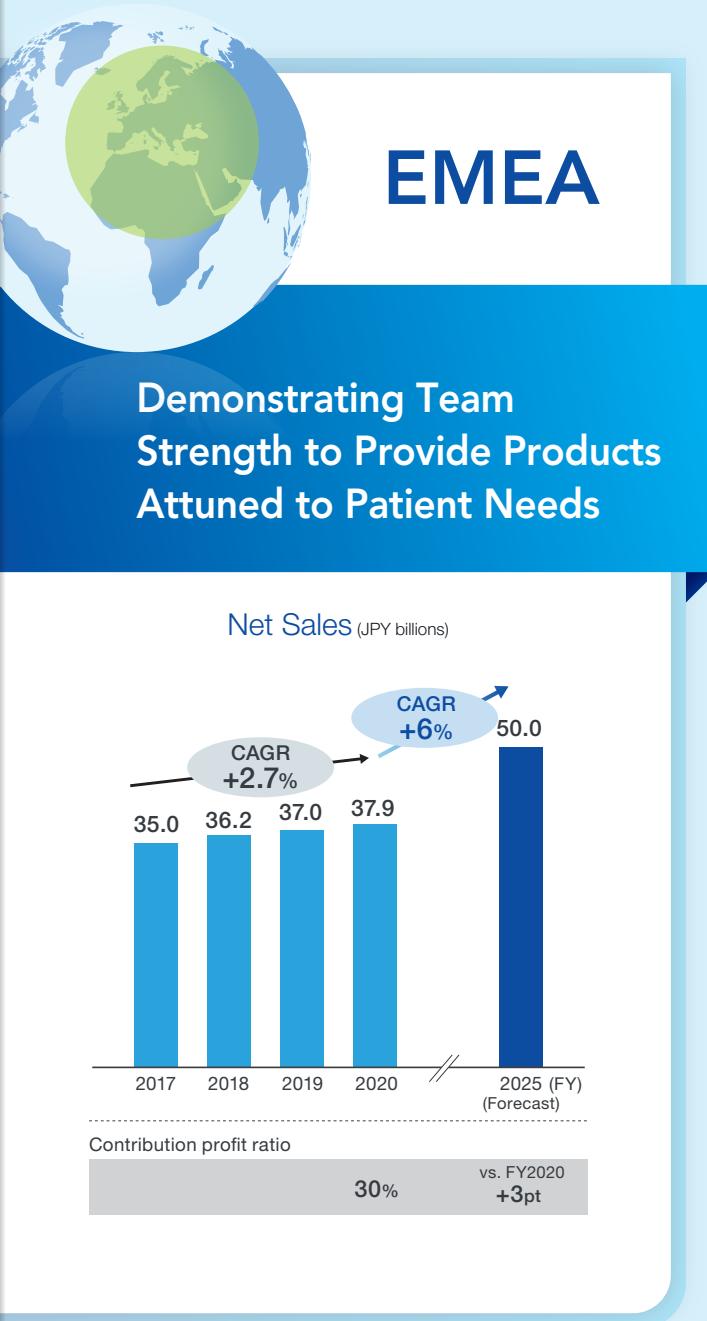
² Copyright © 2021 IQVIA. Santen analysis (excluding S1P (retinal diseases)) based on IQVIA MIDAS 2017-2020. Reprinted with permission.

³ Copyright © 2021 IQVIA. Santen analysis based on IQVIA MIDAS 2019.1Q-2020.4Q. Reprinted with permission.

⁴ Total product launches, counting each country or region as a separate launch. Includes additional indication for *Ikervis*.



Strategies by Region



Santen currently operates in approximately 50 countries and regions¹ in Europe, the Middle East and Africa (EMEA). We have grown steadily through full-scale expansion in western Europe since 2014, adding to our longstanding business base in northern Europe. Under the previous medium-term plan, we aimed to improve profitability by satisfying customer needs and promoting product uptake. As a result of our efforts toward market penetration of products attuned to patient needs, such as preservative-free ophthalmic solutions and *Ikervis* for severe keratitis associated with dry eye, we achieved revenue CAGR of 2.7%, exceeding the market CAGR of 2.4%.² Market share has grown in 19 countries including the United Kingdom, Italy and Spain, increasing 0.2 points year on year to 4.1% for the entire EMEA region in 2020.³ The contribution profit ratio for the region also increased for three consecutive fiscal years.

In fiscal 2025, we aim for JPY 50 billion in revenue (CAGR 6%). We will build a robust portfolio that meets customer needs with the rollout of *Ocutears* for dry eye disease, *Puralid* for blepharitis and the antibiotic/steroid combination treatment *Ducressa*, among other products that will continue driving our growth. In the core domain of glaucoma, in addition to ophthalmic solutions, we will further expand sales of *PRESERFLO MicroShunt*, a medical device for minimally invasive glaucoma surgery that we launched in April 2019. We have been conducting a



Online seminar on *PRESERFLO MicroShunt*

programme for ophthalmologists to learn the relevant surgical technique on a limited basis, and will further expand such opportunities and add further territories through online seminars held by key opinion leaders and others. We aim to achieve sales revenue of JPY 5.0 billion for this device by fiscal 2025.

We will continue to respond to patient needs by leveraging our strength as an integrated team that cooperates in each country and region across functions from regulatory affairs, to marketing and sales.

¹ As of March 31, 2021

² Copyright © 2021 IQVIA. Santen analysis (excluding S1P (retinal diseases)) based on IQVIA MIDAS 2017-2020. Reprinted with permission.

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Dry eye treatment *Ocatears*



Blepharitis treatment *Puralid*



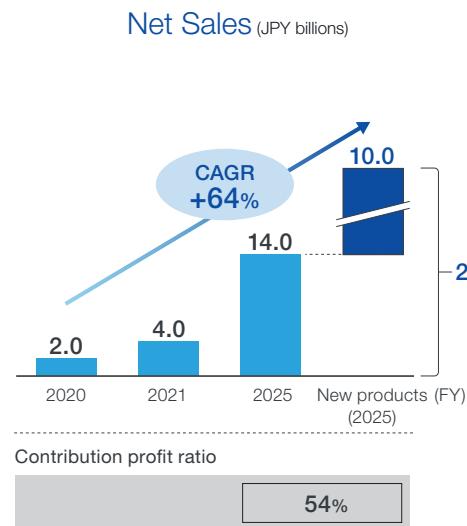
Antibiotic/Steroid combination treatment *Ducressa*

Strategies by Region



Americas

Cultivating Brand Trust and Power by Building a Presence in the World's Largest Ophthalmic Market



Under the previous medium-term plan, we worked to develop differentiated products by applying our unique technologies and expertise in research and development, and steadily prepared to re-enter¹ the U.S. market by means that included securing sales channels through the acquisition of Eyevance Pharmaceuticals Holdings Inc. With the delay in development of STN2000100 (DE-128), a surgical device for glaucoma that we had intended to commercialize to gain a foothold in the U.S. market, we licensed its development and sales rights to Glaukos Corporation in North America, Australia and New Zealand.

Going forward, we will focus our management resources on the pharmaceutical business, first leveraging Eyevance's business platform and Santen's strengths in R&D and expertise in the ophthalmology. We will also enhance our business development capabilities and leverage them to enter new businesses and new fields with the aim of building our presence in the United States, the world's largest ophthalmic solution market.

Under our current MTP2025, we plan to achieve revenue of JPY 24 billion² and a contribution profit ratio of 54% in fiscal 2025. We project revenue for the region to double year on year to JPY 4 billion approximately. Utilizing more than 40 sales representatives and marketing staff, we have begun effective promotions that leverage Eyevance's strengths in sales channels and customer relationships in the anterior segment field and Santen's sales capabilities



Santen and Eyevance booths
(July 23-27, 2021 in Las Vegas, Nevada)

accumulated as a global enterprise. We are also preparing for the product launch of Verkazia for pediatric and adult vernal keratoconjunctivitis, recently approved in June 2021, and pipeline projects in late-stage development such as STN1011700 (DE-117) for glaucoma.

Long term, we believe establishing a solid presence in the intensely competitive U.S. market to deliver differentiated and better products to patients, and for the doctors who treat them, will earn trust and cultivate brand power for the Santen Group. We will continue to enhance our capabilities in organization and execution to increase our value to society as a global ophthalmic leader and player.

Santen's Participation at ASCRS³ 2021

The ASCRS 2021 annual meeting held in July 2021 was the first major ophthalmology society meeting to take place in person since the COVID-19 pandemic began. ASCRS showcased the latest in clinical techniques and unveiled the latest industry trends and innovations. We participated in the conference with neighboring Santen and Eyevance booths.

¹ Santen withdrew from conducting sales of prescription ophthalmic pharmaceuticals in the United States in 2004.

² Revenue does not include STN2000100 (DE-128)

³ American Society of Cataract and Refractive Surgery



Presenting ST1011700 (DE-117): Global Clinical Trial Experience

Product Development

Under MTP2025, centering on ophthalmic solutions for glaucoma, dry eye and allergies, we will focus on developing our core businesses that will underpin medium-to-long-term growth. At the same time, we will enter new disease areas to achieve new growth that is more than just an extrapolation of existing areas.

Understanding the true needs of patients and their caregivers will lead to ideas and innovations for achieving their Best Vision Experience.

Reza Haque, MD, Ph.D

Head of Ophthalmology Innovation Center



The mission of the Ophthalmology Innovation Center is to listen to the voices of patients and their caregivers to identify their true needs, then to promptly create products and services that address those needs using existing or new technologies or a fusion of the two. Lately, we have been advancing to the clinical trial stage a pipeline of projects that are expected to improve patient convenience, including a new formulation to follow *Alesion LX* and a next-generation treatment for inhibiting myopia progression in children. In addition, we stay on top of information on global trends in ophthalmology research and startup companies and combine Santen's strengths with those of external organizations through open innovation to create a pathway to ophthalmic applications that leverage internally and externally held technologies. We are already collaborating with many external organizations including the Singapore Eye Research Institute and University College London. Unconstrained by preconceptions, we will create new value and contribute to a world where patients can live their happiest lives through the Best Vision Experience.

We are steadily applying for and obtaining approval for projects under development. We will also create new value for products on the market in response to the voices of patients.

Peter Sallstig, MD, MBA

Corporate Officer
Head of Product Development Division



In product development, we consistently emphasize people centricity in our approach and actions. To this end, we will create a method, based on providing all the necessary information on eye diseases and treatments, that enables patients who participate in clinical trials to have immediately greater ownership and feel the value of new pharmaceuticals. We are also conducting clinical trials that allow remote patient participation, thus enabling patients to participate who would otherwise have declined, e.g., if they lived too far away, and trials required too many blood draws that is patient focus. Late-stage development projects in our pipeline target glaucoma, dry eye, allergies and uveitis, and we are enhancing the pipeline in new areas including myopia, ptosis and retinitis pigmentosa. These candidates address needs in each area. Reliably filing applications and obtaining approval for these candidates is a core mission of ours. For product life cycle, we will not only conduct regional rollouts but also secure exclusive global rights as we create products that further enhance patient convenience.

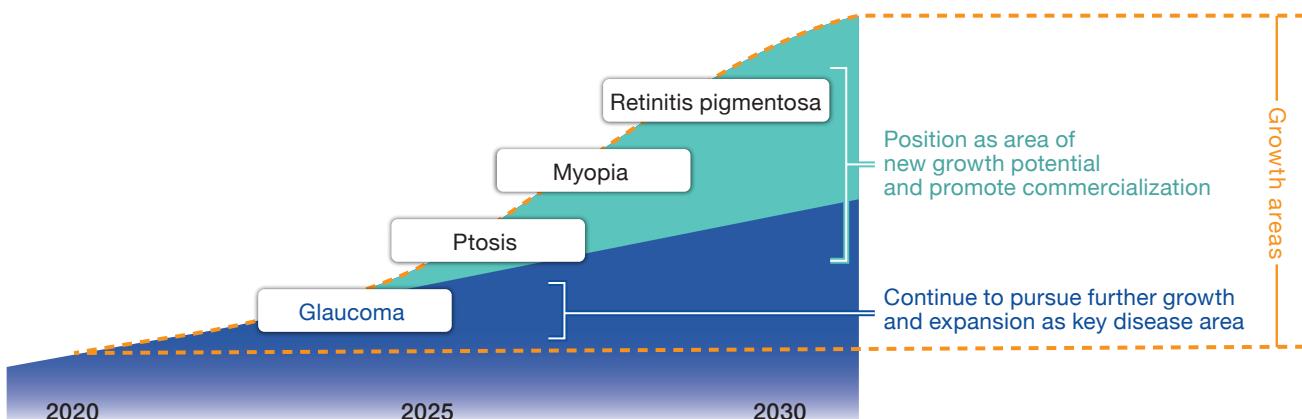
Product Development

Initiatives to Enhance Core Businesses

In addition to the importance of effectiveness and safety, reducing the burden on patients when they use ophthalmic solutions leads to adherence to treatment and ultimately to target therapeutic effects and outcomes. It is known that the greater the frequency of application required, the less likely patients are to apply them. Santen is developing products using technologies to reduce the frequency of application of existing ophthalmic solutions, including changing the formulation while maintaining the effects and creating drugs that combine two agents. We are also developing applicators and containers that are easier to use, as well as changing dosage forms. These initiatives will enhance patient convenience and differentiate Santen products from those of other companies.

Furthermore, the experience that we gain in our core business of developing ophthalmic solutions is applied for new product development and lifecycle management.

Capture new growth in four disease areas, not just extrapolating on existing areas



¹ Hartong DT et al. *Lancet* 2006; 368: 1795–809
<https://pubmed.ncbi.nlm.nih.gov/17113430/>

Initiatives in New Areas

Entering new areas is a rewarding challenge. However, taking the development of gene or cell therapies as an example, in addition to Santen's experience and technologies, this process will require approaches unconstrained by preconceptions.

Santen acquires expertise for development in new areas by building strong relationships with academia around the world. On a day-to-day basis, we are collaborating with the Singapore Eye Research Institute, University College London and many other universities, specialists and startup companies to generate new ideas by exploring how cutting-edge therapeutic technologies and modalities such as gene therapy and cell therapy can be applied in ophthalmology. We will utilize the know-how we gain from these R&D activities in our product development to increase the probability of success and lead to the creation of reliable products.

Column



Gil Carrasquinho

Vice President
Head of Cell Therapy
Corporate Development Division

The challenge toward establishing cell therapy

Our mission at Cell Therapy is to innovate at a pace that benefits society and creates a better life and future for patients.

Our immediate focus is accelerating our retinitis pigmentosa (RP) program (STN6000100) for our investigational human retinal progenitor cell therapy asset, while also exploring other indications. RP is a group of rare inherited eye conditions affecting approximately 1 in 3,000-4,000 people.¹ There are currently limited treatment options, making the condition an area of significant unmet medical need. As part of our efforts to provide new treatments, we have been engaging regulatory agencies, KOLs, patient groups, policy influencers and others from an early stage.

Team members at Cell Therapy



Product Development

Development Story of *Alesion LX*: Aiming for a Better Treatment

There are specific needs that Santen is uniquely capable of identifying. We launched anti-allergenic *Alesion LX Ophthalmic Solution 0.1%*, which halves the frequency of application compared with previous products, in November 2019 in Japan.

An Allergic Conjunctivitis Treatment Applied Twice per Day

In Japan, histamine H₁ receptor antagonist ophthalmic solutions used to treat allergic conjunctivitis, including *Alesion*, were applied four times per day. While investigating the issues faced by patients, it was found that many were unable to maintain the proper dosage due to the high frequency of application, leading to a hypothesis that the repeated itching felt throughout the day was lowering their quality of life.¹ We therefore began to develop a product requiring less frequent application, making it easier to comply with the correct dosage.

Promptly Delivering a Product with New Value to Patients

Clinical trial design is key to properly assessing safety and efficacy in humans. Based on findings from the development of *Alesion* and data from non-clinical studies, we considered a plan to appropriately evaluate the safety and efficacy while shortening the development period to the greatest extent possible. After consultation with the relevant authorities and their review, we started clinical trials from Phase 3.

1 Product Planning

2 Formulation Development

3 Non-Clinical Studies Clinical Trials

4 Approval/ Launch



Achieving Both Safety and Effectiveness

In general, increasing the concentration of an active ingredient can be expected to prolong its duration, but it also increases the risk of side effects. In consideration of safety, we decided on a concentration that enables application just twice per day. We also designed a preservative-free formulation in a dimple bottle that we developed in-house with an emphasis on ease of use for patients.

Offering New Value to More Patients

By offering a proactive treatment that reduces the frequency of itching when applied on a regular basis during periods of allergic reaction (before the onset of symptoms), we aim to improve patient quality of life.² In addition, we are conducting joint sales promotion activities with Mitsubishi Tanabe Pharma Corporation, which manufactures and sells oral allergy drugs, to deliver the product to more patients.

Members involved in the development of *Alesion LX*



Message from an Ophthalmologist



Dr. Atsuki Fukushima

Director, Department of Ophthalmology,
Tsukazaki Hospital

Former Chairman,
Japanese Society of Ocular Allergology

Alesion had to be applied four times per day. Some patients find it very difficult to continue application four times a day during their busy lives. Consequently, many patients did not adhere to the directions for use though they were instructed to do so by their doctor. On the other hand, *Alesion LX* only needs to be applied twice per day, making it a more attractive prescription choice. Moreover, I am glad to hear that patients are happy with how well *Alesion LX* worked.

I expect Santen, as a company specialized in ophthalmology, to continue creating the superior products and services that patients are eagerly anticipating.

¹ Nakagawa, Yayoi (2013). *Progress in Medicine*, 33, 2517

² Fukagawa, Kazumi et al. (2019). *The Allergy in Practice*, 39, 825

Product Development

Development Status: Solving a Wide Range of Eye-Related Issues

In our core business area centered on glaucoma, we are developing many products that address medical needs that are unmet by existing products. We are also working in new disease areas where we expect substantial medium-to-long-term growth.

(Only projects under development for which our partner company has agreed to disclosure are listed.)

Pipeline Development Status (As of May 31, 2021)

		Clinical development plan in preparation ¹	Phase 1	Phase 2	Phase 3	Filed
Core Businesses	Glaucoma	STN1014000 STN1008507 <i>Tapros</i> with new instillation system STN1011103 <i>Tapcom</i> with new instillation system		STN1012600 (JP, U.S., EMEA)	STN1011101 (CN) STN1013900 (JP) STN1013001 (EMEA, Asia)	STN1011700 (U.S.) STN1011702 (JP; <i>Eybelis</i> PFUD) STN2000100 (JP, U.S., Asia)
	Dry eye		STN1010905 (JP)		STN1008903 (JP; <i>Diquas</i> new formulation) STN1013500 (JP)	STN1000501 (CN; <i>Cationorm</i>) STN1007605/06/07 (EMEA; <i>Ikervis</i> PFMD)
	Allergies		STN1011402 (JP; <i>Alesion</i> new formulation)			STN1007603 (U.S., CN) STN1007608 (EMEA; <i>Verkazia</i> PFMD)
	Uveitis of the posterior segment				STN1010900 (U.S.)	
New Growth Areas	Myopia	STN1013300	STN1012700 (CN; scheduled to start FY2021) STN1013400 (JP; scheduled to start FY2021)	STN1012700 (Asia)	STN1012700 (P2/3, JP)	
	Presbyopia	STN1013600				
	Ptosis	STN1013800				
	Retinitis pigmentosa	STN6000100				

Joint Research for Drug Discovery | PeptiDream Inc., Tohoku University, Singapore Eye Research Institute, University College London, Massachusetts Eye and Ear, Ulster University

Number of Products Approved in FY 2020

Glaucoma: Japan: 1, Asia: 9, EMEA: 34, Americas: 1; **Dry eye:** Asia: 5, EMEA: 1; **Allergies:** Asia: 5, EMEA: 29

Number of Products Launched in FY 2020

Glaucoma: Asia: 3, EMEA: 19; **Dry eye:** Asia: 4, EMEA: 4; **Allergies:** Japan: 1, Asia: 5, EMEA: 32

For the latest development status of main projects in the pipeline, please see the Company's website.



<https://www.santen.com/en/rd/pdf/pipeline.pdf>



¹ Includes projects in the non-clinical stage, projects for which clinical trial protocols are being formulated, and projects for which applications are planned.

ESG Materiality

The four ESG materialities aim to contribute to the sustainable development of society and improving Santen's medium-to-long-term corporate value. We have presented specific issues to promote and disclose the activities and the progress of our efforts as needed on the Company's website.

ESG Materiality	Priority Item	Main Objectives for 2025
Development and Stable Supply of Socially Significant Products and Services ("Happiness with Vision")	Market Penetration of Products with Social Significance	<ul style="list-style-type: none"> Improving the quality and quantity of ophthalmic care around the world, including developing and poorest countries, and contributing to the reduction of the number of non-treated patients by improving access to healthcare in ophthalmology
	Evaluation and Management of the Supply Chain	<ul style="list-style-type: none"> Reaching ≥60 million patients¹ Fulfilling social responsibility throughout the supply chain
	Assurance of Quality and Safety, and Establishment of an Appropriate Supply System	<ul style="list-style-type: none"> Identifying critical suppliers and implement CSR procurement including suppliers of indirect materials and secondary suppliers
	Provision of Appropriate Information on Products and Services	<ul style="list-style-type: none"> Thorough pharmacovigilance and enhancement of customer service Production and supply capacity of 500 million or more
Encouragement of an Organizational Culture that Promotes Value Creation	Promotion of Diversity, Equity & Inclusion	<ul style="list-style-type: none"> Improving understanding and awareness of employees toward blindness and visual impairment. Providing opportunities to share work and values with people that have visual impairments throughout the Group
	Building a High-Value-Added and Highly Productive Work Environment	<ul style="list-style-type: none"> Increase diverse representation with a focus on gender, nationality at all levels, especially senior management
	Human Resource Development	<ul style="list-style-type: none"> Promote employment opportunities for people with disabilities, including vision impairment throughout the Group
Strengthening Governance, Contributing to the Realization of Fair and Equal Society	Corporate Governance	<ul style="list-style-type: none"> Increased diversity in the Board of Directors
	Compliance	<ul style="list-style-type: none"> Development of Group risk management system, development and penetration of related regulations, strengthening of cooperation with the risk management department and internal control defense line related departments
	Risk Management	<ul style="list-style-type: none"> Establish the PDCA cycle for continuous verification and improvement of the risk management system through close cooperation between related departments functions
	Respect for Human Rights	<ul style="list-style-type: none"> Appropriately responding to security risks and ensuring a system for business continuity even when faced by unexpected events Formulate a disaster recovery framework and planning
Conservation of the Global Environment	Measures against Climate Change	<ul style="list-style-type: none"> Contribution to realization of a carbon-free society and establishment of a recycling-based society through measures against climate change, measures for water resource and resource saving, and measures against plastic
	Environmental Load Reduction	

¹ Estimated total number of patients to whom Santen has contributed (therapeutic areas: inflammation/allergies, cornea disorders, glaucoma, cataracts) as of FY2019 was approx. 43 million, calculated based on JMDC's estimated total number of patients for Santen's Rx products and Santen's shipment data

For more details on ESG materiality, see the Company's website.



<https://www.santen.com/en/sustainability/policy/index.jsp#sec04>



Feature: Turning Diversity into Advantage to Build an Inclusive Society

■ Chieko Asakawa

IBM Fellow

Joined IBM Japan, Ltd. in 1985. Earned a Ph.D. in engineering from the University of Tokyo in 2004. She has been an IBM Fellow since 2009, a Distinguished Service Professor at Carnegie Mellon University since 2014, and a researcher at IBM's Thomas J. Watson Research Center in the United States since 2018. In April 2021, she also became Chief Executive Director of the National Museum of Emerging Science and Innovation (Miraikan).



■ Shigeo Taniuchi

President and Chief Executive Officer



Taniuchi: As one of its strategies for 2030 and beyond, Santen is taking on challenges every day to build a society that is inclusive to all regardless of visual impairment. The life sciences industry has been in a state of flux in recent years, with major changes in medical care, patient needs and technologies, while Santen itself is working to harness new treatment methods and digital technologies. As someone who has developed many different technological tools to help people with visual impairments participate more fully in society, what perspectives have you brought to your research?

Asakawa: I joined IBM Japan in 1985, and in the 35 years since then I have been researching accessibility for people with visual impairments. I was initially involved in research and development to increase accessibility of information and developed the Home Page Reader in 1997. Since around 2010, with the advances in smartphones, the Internet of Things and artificial intelligence, I have focused on research to improve real-world accessibility, developing the AI Suitcase in 2020. This suitcase contains a broad suite of sensors to detect information on surroundings for navigation powered by AI.



The AI Suitcase, announced in February 2020

Feature:

Turning Diversity into Advantage to Build an Inclusive Society

Taniuchi: That really brings home to me the importance of improving physical accessibility in the real world as well as enhancing information accessibility. Santen's values include the principle "Act with agility." In terms of building an inclusive society, is there something you emphasize from your position as a person with a visual impairment?

Asakawa: I think an impairment in vision or hearing should be viewed as part of one's individuality and thus part of one's strength. The fair treatment I have received from IBM regardless of my disability is at the heart of my positive approach and behavior today and has been an asset in my life. All I can do is to try to tell others about my own experience as I am doing now, but I hope to help build a society in which as many people as possible see diversity as strength and individuality.

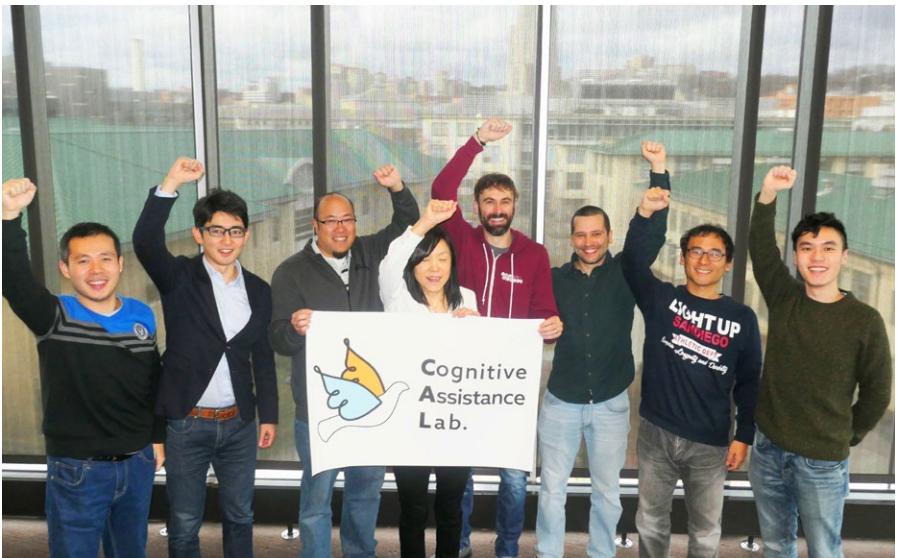
Taniuchi: Santen employs four staff members with visual impairments.¹ Since joining the Company, they have provided invaluable input on points to consider as we worked to gradually improve the workplace environment. I think that in-house activities such as the Blind Experience² program have led to a definite change in awareness throughout the Company. This relates to our principle, "Act with agility." Moving promptly in this way is essential for promoting diversity, equity and inclusion. Fixating on differences in nationality, gender, disability, age and the like makes it impossible to increase productivity. I want to make diversity a strength so that each member of Santen's small but highly skilled workforce can fully demonstrate their potential.

Going forward, what do you plan to tackle in your aim to achieve a society where no one is left behind?

Asakawa: No matter how wonderful a technology is, it cannot be applied without obtaining society's understanding. For example, from the standpoint of privacy protection, data that can identify an individual's face cannot be collected without controls of some sort, presenting an extremely high hurdle for the practical application of that data. In the future, I intend to focus on activities to help society understand the need for data collection to support people with visual impairments and the elderly, and to create mechanisms for using such data.

¹ As of May 2021

² An in-house program aimed at promoting understanding of visual impairment, with employees with visual impairments as lecturers.



Chieko Asakawa with members of the Cognitive Assistance Laboratory at Carnegie Mellon University

As for Santen, I hope that you will turn your attention to effectively communicating information to people with visual impairments or conditions, and to creating opportunities for them to acquire skills such as IT literacy. I also look forward to your future cooperation in social proof-of-concept testing of the technology we develop.

Taniuchi: As a company that specializes in ophthalmology, we at Santen want to take on initiatives that benefit all people while continuing to develop innovative treatment methods and drugs to help resolve eye-related social issues. If there is any way we can help you in your endeavors, we would very much like to make that happen. Thank you for taking the time to speak to us today.

Watch a demonstration video of the AI Suitcase here (Japanese only).



<https://caamp.jp/technology/>



Evaluation and Management of the Supply Chain

Promoting CSR Procurement to Fulfill Our Responsibility to Society throughout the Supply Chain

Santen established its CSR Procurement Policy and Guidelines in 2020 to fulfill its responsibility to society throughout the supply chain. This document addresses human rights, labor and environmental issues and other matters not just through its own actions but also in cooperation with its business partners.

In fiscal 2020, we made the CSR Procurement Policy and Guidelines available to all primary business partners involved

Santen Group CSR Procurement Policy (Abridged)

To contribute to the development of a sustainable society by fulfilling its social responsibilities in cooperation with its business partners based on Santen's Values "Tenki ni sanyo suru" in compliance with its CSR Basic Policy, the UNGC Ten Principles, etc., the Santen Group promotes CSR procurement in the following ways:

in product supply and followed up with a questionnaire to check on their compliance with the guidelines. Suppliers responded to requests from procurement managers in Japan, China, EMEA and the United States with a return rate above 90%.

Going forward, we will conduct assessments when commencing transactions with new suppliers or once every three years for current suppliers. We expect suppliers to understand Santen's approach and will work to help achieve compliance if their operations do not meet the Guidelines. Moreover, we will expand the scope of the assessments to cover secondary suppliers or manufacturers further up the chain when our primary supplier is not the manufacturer. We will also include suppliers of indirect materials.

In addition to contributing to society throughout the supply chain by communicating with our suppliers through these assessments, we aim to enhance our own corporate value as well as that of our business partners by promoting responsible procurement.

- I. Compliance with applicable laws and international norms
- II. Ensuring an appropriate level of quality, efficacy and safety, and stable supply
- III. Respect for human rights and prohibition of complicity in human rights abuses
- IV. Protection of the rights, health and safety of workers
- V. Due consideration for environmental conservation
- VI. Contribution to the development of a sustainable society

VOICE



Shun Li

Manufacturing Planning & Control Department
Santen Pharmaceutical (China) Co., Ltd.

By establishing a CSR Procurement Policy, spelling out the process for its implementation and standardizing the Guidelines Compliance Questionnaire for suppliers, the Santen Group has built a system in which all its sites use the same criteria to evaluate and manage CSR procurement. I consider this a key achievement in terms of globalizing supplier management. Through our business partner assessment, we confirmed the status of CSR management at current suppliers and clarified measures for those that do not meet the Guidelines.

In addition, to ensure that our business partners in China fully understand the content of the CSR Procurement Policy and Guidelines and the Guidelines Compliance Questionnaire, we prepared Chinese versions. This has further facilitated activities.

Please see the Santen Group CSR Procurement Policy and Guidelines at

https://www.santen.com/en/sustainability/assets/pdf/procurement_policy_e.pdf



Quality and Safety

Assurance of Quality and Safety, and Establishment of an Appropriate Supply System

Stable Supply of High-quality Products to Address Medical Needs Worldwide, with a Global Organization Built around Three Plants in Noto and Shiga in Japan and Suzhou in China

High-Quality Products with a Commitment to Water, Air and People

At Santen, we manufacture high-quality products with a commitment to water, air and people. For example, we use water—the essential medium for any ophthalmic solution—with a level of purity equivalent to that used in injections.

Ophthalmic solutions must be sterile. Containers are filled in a Grade A¹ cleanroom, and we maintain a high level of quality control, with only employees who have passed an in-house qualification test allowed to enter the cleanroom and to handle processes.

Equipment for Maintaining Stable Supply

To achieve stable supply of products to countries around the world according to each country's medical needs, Santen has established specialized equipment maintenance teams. These teams minimize problems and ensure steady plant operation, thereby supporting a production and supply system capable of round-the-clock manufacturing.

To minimize production line and equipment breakdowns and problems, we operate an equipment management

system and conduct daily planned maintenance. In the event of a breakdown or problem, the personnel in charge promptly carry out repairs. This enables us to maintain product quality and prevent any negative impact on the manufacturing plan.

Maintenance in Cleanrooms

In cleanrooms for manufacturing ophthalmic solutions, maintenance is performed only by employees who have obtained a sterile maintenance qualification for facility upkeep. These employees acquire knowledge that encompasses not only keeping equipment in good condition, but also maintaining and managing a sterile environment, as well as wide-ranging specialized knowledge in areas such as acting in accordance with guidelines for manufacturing sterile medicines using aseptic operating procedures.

High-Level Expertise and Technical Skills

The proper maintenance and management of equipment requires a high level of expertise and technical skill. If a problem occurs at night or on a non-business day, the manufacturer of a device cannot usually be contacted. To respond appropriately, maintenance personnel make full use of their experience and expertise. They make themselves thoroughly familiar with equipment and engage in discussions with manufacturers to collaborate in building better equipment. In addition, they emphasize communication with manufacturing sites on topics such as enhancing operating stability and usability upgrades. With their strong sense of a mission to achieve sustainable and stable supply to patients, our maintenance staff support quality assurance and stable product supply.

Please see Efforts to Enhance Product Safety at



<https://www.santen.com/en/about/activity/safety.jsp>



Members in charge of equipment maintenance at the Noto Plant



Equipment maintenance at a manufacturing site

¹ Fewer than 100 particles of 0.5 µm or larger per cubic meter of air.

Promotion of Diversity, Equity & Inclusion

Diversity, Equity and Inclusion (DE&I) Goals

1 Ratio of Female Managers (Japan)

13% → **25%**

(March 31, 2021)

(March 31, 2026)

	Worldwide	Japan	China	Asia	EMEA	Americas	(%)
Managerial Gender Ratios <small>(Consolidated; as of March 31, 2021)</small>	Female 38	13	57	49	50	45	
	Male 62	87	43	51	50	55	
Employee Gender Ratios <small>(Consolidated; as of March 31, 2021)</small>	Female 42	26	57	54	61	54	
	Male 58	74	43	46	39	46	

2 Promoting Diverse Senior Management

Our goal is to increase gender and nationality diversity over the next five years in senior management, namely among executive officers and others in the position of general manager or above. In addition, we will strengthen our highly diverse talent pool.

3 Global Employment of People with Visual Impairment

Currently, at Santen, four employees with visual impairments work in Japan. Moving forward, we will hire people with visual impairments to work in all regions where Santen is based.

VOICE

Mohamed Abdin

CSR Group



Born with impaired vision, Abdin lost his eyesight at the age of 12. He came to Japan at age 19 and enrolled at the Tokyo Univ. of Foreign Studies. After working as a specially appointed assistant professor at Tokyo Univ. of Foreign Studies, he became a special visiting professor at the Department of Political Studies, Faculty of Law, Gakushuin Univ. He joined Santen in 2020 and promotes DE&I from the standpoint of someone with a visual impairment.

Changing Social Perceptions by Promoting Understanding of Visual Impairments

Visual impairments limit access to information. Meanwhile, advances in technology have enabled people with visual impairments to use personal computers and smartphones more adeptly, largely eliminating this barrier. The impact that this change has had on their lives and employment opportunities is immeasurable.

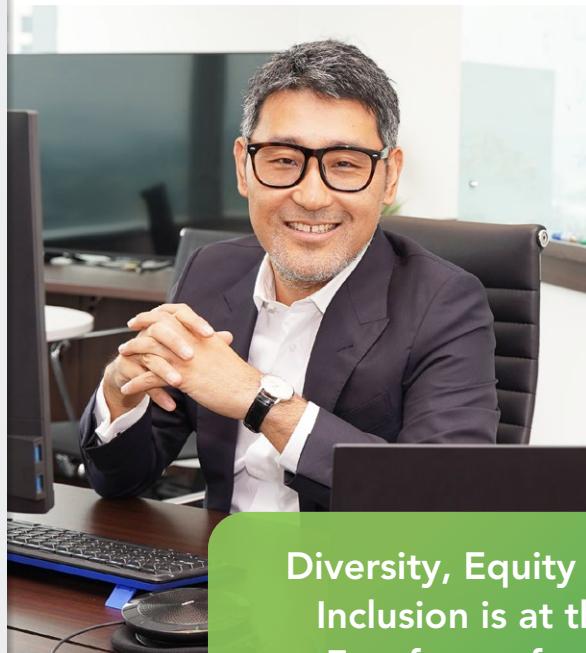
As an employee with visual impairment, I am involved in the planning and execution of inclusion programs to improve people's awareness and understanding of blindness and visual impairment. Specific programs include the Blind Experience, which promotes such understanding and conveys the importance of communication inside and outside the Santen Group. We are also planning to collaborate with other companies to implement projects relating to skills and quality of life for people with visual impairments.

Furthermore, we are enhancing the internal working environment with the aim of creating and expanding roles for people with visual impairments. In leveraging our initiatives for people with visual impairments to empower an organizational culture that has the strength of diversity, we will promote DE&I and change perceptions throughout society.

Please visit the Company's website for more information on our initiatives to build an inclusive society.


<https://www.santen.com/en/sustainability/inclusion/index.jsp>


Promotion of Diversity, Equity and Inclusion



Diversity, Equity and Inclusion is at the Forefront of our Organizational Culture.

Tomo Yashiki Corporate Officer
Head of Human Resources Division

In a year of unparalleled challenge and change due to pandemic, we have kept our focus on the people, partners, and patients our organization exists to serve.

As we work to unlock new modalities, further globalize and drive innovation for new patient outcomes – how diverse, equitable and inclusive we are as a business is at

Our new global DE&I Strategy is built upon three strategic pillars:

	Our Diverse People		Our Inclusive & Equitable Practices		Our Partners & Communities
Our commitment to increasing diverse representation across our entire workforce – our strategic priorities for representation and inclusion are people with disabilities, gender, multicultural, LGBTQI+ and multigenerational diversity.	Our commitments to flexible working, inclusive recruitment practices, equitable pay and career opportunities as well as the provision of a safe, inclusive, respectful and supportive physical and virtual work environment.	Our commitment to focusing on the significant role we play in enhancing inclusion for people with visual impairment in all its forms, and as a global advocate for DE&I through our active partnerships with the diversity sector and with the communities we are a part of.			

the forefront of our strategic approach. In FY2021, we are strengthening our commitment internally and externally with the formulation of a new Diversity, Equity & Inclusion (DE&I) Strategy that amplifies our global commitment to making change that matters. We will successively roll out DE&I initiatives worldwide in fiscal 2021 and beyond.

Fiscal 2020 Activities & Results

The work to activate our new strategy has seen our global teams come together to deliver the following new initiatives in fiscal 2020:

Work Styles for the New Normal

- Across all regions our pandemic response focused on patients and support for our employees, flexible work

arrangements, COVID testing kits and vaccination leave offered to team members across the world. Our China business was recognized, winning the 2020 Aon China Outstanding Anti-Epidemic Contribution Award.

- Throughout the pandemic we have continued our focus and support for team members of all genders in their roles



Promotion of Diversity, Equity and Inclusion

as parents and carers, sustaining our focus in Japan for male team members participating in childcare leave.

Male Employees Taking Childcare Leave (Japan)



¹ Due to leave eligibility applying for children up to the age of 18 months, the percentage may exceed 100% when counting employees that qualified for leave the previous year.

Partnership

- Our DE&I partner relationships reflect the significance and focus of our DE&I efforts. In fiscal 2020, we announced new global partnerships with The Valuable 500, further strengthening our commitment to disability inclusion.

We also committed to a new partnership with the 30% Club Japan and became a signatory to the UN Women's Empowerment Principles to reflect our global focus on gender equity and inclusion.



In support of

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office

Fiscal 2021 Action

To further amplify the commitments made in fiscal 2020, our DE&I strategy for fiscal 2021 includes the following major initiatives:

- As part of our global focus on gender diversity we are committing to increase the representation of female managers in Japan from 13% to 25% by 2025.
- We will hire people with visual impairment, create an inclusive workplace environment for them, and work to develop workplaces in each region.
- We will activate new global and local Employee Network Groups (ENGs) to connect and amplify the voices of Santen team members across the globe. Santen will launch a new AI-enabled virtual networking platform, as well as new Regional ENGs to support an internal women's network as well as setting up groups to connect community members and allies for Pride, Disability and Parents & Carers ENGs.
- Activation of a new global DE&I learning channel focused on Inclusive Leadership and Inclusive Decision Making. We have also developed a DE&I guest speaker series to

share experience and perspectives from DE&I change makers from across industries.

- We have committed to continuous review of policies and practices to eliminate subjectivity and bias and have established a workstream dedicated to increasing opportunities across our supply chain network for diverse and inclusive suppliers. We will continue to promote organizational culture reforms as a truly global company with DE&I at the center.

VOICE



Lara Partridge

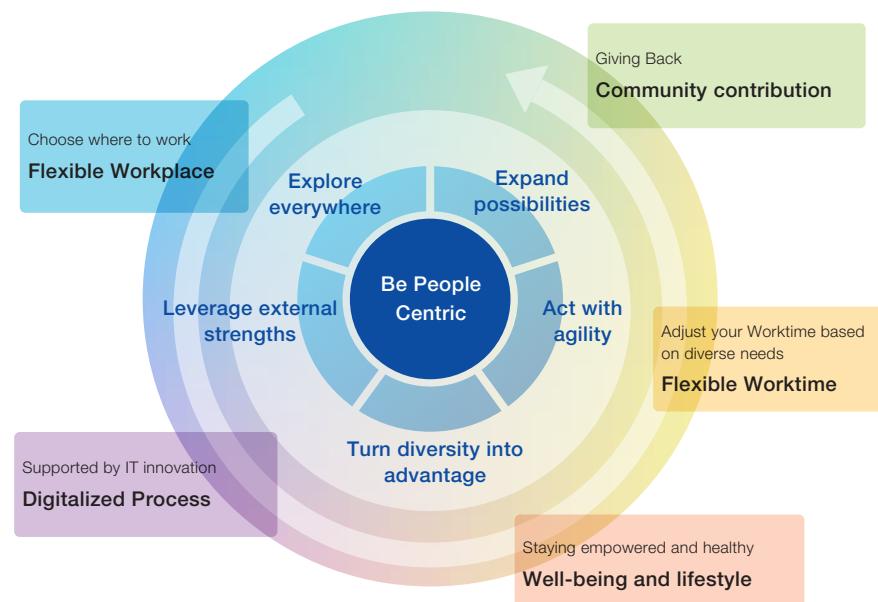
Global Head of Talent
Human Resources Division

Our work in DE&I at its heart is about respect and fairness. Our commitment is to the role we play in leading organizational culture change, tackling issues such as vision inclusion, which is of profound importance to society, and ensuring a safe and inclusive workplace for every one of our team members.

A Highly Productive Work Environment That Adds Value

Introducing a Global New Work Style Guideline to Realize Flexible Ways of Working

Nothing has urged us to reimagine the future of work more seriously than the unprecedented challenges of the COVID-19 pandemic. At Santen—aspire to Become A Social Innovator—we turn this challenge into an advantage



to promote new ways of working.

We recently introduced our New Work Style Global Guideline, providing our team members with the choice of where, when, and how they work. The guideline promotes flexible workplace and flexible work time principles that maximize and maintain the autonomy and independence of our team. Our people are empowered to determine where and when their work is done most effectively. Our New Work Style Global Guideline is based on the Santen Values and connects the work of our global Digital and Information Technology Division focusing on a Digital Workplace, as well as supporting our people to focus on personal well-being

and giving back to the community.

Taking Japan as an example, in part due to the pandemic, we reduced the average number of days employees came into the office by as much as 80% in fiscal 2020 compared to fiscal 2019.¹ Around the world we are continuing to operate a forward-thinking telework environment.

Our global guideline is applicable to all job types across Santen to deliver a physical and virtual work environment that ensures every team member has the opportunity to participate fully and share their skills, capabilities, and individual experiences with others.

VOICE



Manuel Kirchhoff

Global Head of People Success
Global Human Resources
Human Resources Division

At Santen, we are co-creating our success through meaningful work and interactions. For many of us, these interactions are not bound to a particular place or time anymore, and that is why we are giving full flexibility in choosing workplace and work time based on mutual trust and self-responsibility. Our diverse team of professionals is striving for individual and team performance, and we are creating an environment that supports us achieving the exceptional.

Sales subsidiaries in Spain, Italy and the United Kingdom were each certified as a Great Place To Work^{®2} for 2021–2022.



¹ Calculated on a business day basis from the office attendance rate of approx. 600 office staff in Japan (excluding employees at plants, research laboratories and offices in Japan)

² In this international research, companies in about 60 countries with job satisfaction survey results that exceed a certain level are certified as a Great Place To Work[®], with lists of the top companies also published.

Work Environment

A Highly Productive Work Environment That Adds Value



A Digital Strategy That Builds Cohesion among Employees

Minori Hara Corporate Officer

Chief Information Officer (CIO)
Head of Digital & Information
Technology Division

Leveraging Diversity as an Advantage through Our IT Platform

With the outbreak of the COVID-19 pandemic in 2020, many companies struggled to switch to remote working. Santen promptly established a remote working environment by accelerating ongoing business process improvements and infrastructure modernization. As a result, except for certain functions such as product supply and customer-facing services, our employees worldwide can now work from practically any location with Internet access.

Going forward, we will broaden our objectives beyond simply building an environment that facilitates working from home to the following steps, including promoting flexible working styles and employee engagement by further capitalizing on digital technologies. We are currently collaborating with the Human Resources Division to implement a New Work Style and a Digital Workplace worldwide. This initiative will contribute to achieving “Happiness with Vision” by enabling employees to cooperate as a tightknit team through an environment where they can fully demonstrate their capabilities while making the most of their diversity. It also empowers agile work styles capable of speedier and more effective decision-making. To support this effort, we have created various online personas for employees, and we are analyzing potential situations where digital technologies could accelerate the transformation of working environment. We will continue to leverage digital technologies to create a system for flexible working styles that meet employee needs and increase our organizational resilience to environmental changes such as the recent experience of the pandemic.

Aiming for Digital Transformation Unique to Santen

We are promoting digital technologies for Company-wide initiatives, including smart factories, digital marketing, and data utilization in R&D and sales. For that purpose, the members in charge of Santen’s digital transformation act as “Digital Evangelists,” working across organizational boundaries to understand the issues and future needs of the entire value chain, then proposing solutions. We also expect digital transformation to inspire employees with innovative technologies that promote changes in behavior and mindset, which will, in turn, facilitate new value creation. While different security regulations and varying levels of technological development in each country and region will always pose some challenges, we will pursue our vision of a transformation unique to Santen. This vision will motivate employees and provide a transformational impetus for Santen to Become A Social Innovator.

Column

Digital Technology at Manufacturing Sites

Santen Value Award¹

The product supply and IT departments collaborated to study the use of data in new activities to make improvements at manufacturing sites. Members on the production line played a central role in successfully using IoT sensors to identify the causes of bottlenecks in the packaging process and visualize them on a data dashboard for improvements in operational quality and productivity. Members with diverse specializations embodied Santen’s values in posing hypotheses and implementing measures to rapidly go through the PDCA cycle. As agents of transformation, we will continue to explore new ways of working in the product supply and expand our activities.



¹ An award established to promote global practice of the CORE PRINCIPLE and share best practices in each region and functional division. The award aims to foster a corporate culture where employees recognize and learn from each other's achievements.

Work Environment

Building a High-Value-Added and Highly Productive Work Environment

Improving Our Organization with Health and Productivity Management

2021 Certified Health & Productivity Management Organization



Santen has been introducing systems and creating a workplace environment through which all employees can work safely, enjoy physical and mental well-being while at the same time fulfilling their potential. We provide health examinations and stress checks to support the maintenance and improvement of health, as well as Santen-specific programs related to eye health such as ophthalmic examinations.

Santen sees health and productivity management as one of the foundations for improving organizational capabilities. In addition, the environment in which employees live and work is changing drastically due to the impact of the COVID-19 pandemic, so we are taking on the challenge of developing new work styles that are compatible with this emerging environment. We will continue to implement health measures and develop systems based on circumstances in the countries we serve, enabling us to

achieve steady growth by responding to the needs of patients and medical professionals worldwide, which will in turn lead to contributing to ophthalmology globally.

Wellness Week

Seminars with Various Health-Related Themes

Santen held a total of 25 Wellness Week seminars over five separate weeks from June 2020 to March 2021, one seminar on each day of the five weeks. Each set of hour-long online seminars covered a different topic related to physical or mental health. Topics included emotional care, exercise and smoking cessation.

Hitomi Sukoyaka Week for Eye Health Awareness

Hitomi Sukoyaka Week was a Wellness Week theme aligned with Santen's unique eye health initiatives. It featured a seminar from industrial physician Dr. Motoko Kawashima from the Department of Ophthalmology at Keio



Employees try eye exercises in an online seminar

University School of Medicine. The seminar gave participants the opportunity to think about eye health as well as to learn about eye diseases and try eye exercises. Participants said they want to use knowledge gained from the seminar for their day-to-day eye health. Tips they found useful included making a conscious effort to blink when using a personal computer for teleworking over prolonged periods. Participants also mentioned that despite working for an ophthalmology product company, they did not usually pay much attention to their own eyes, making the seminar a great opportunity to think about their own eye health as well as that of others. The seminar gave employees the chance to reaffirm the value of the Santen Group.

(Available in Japanese only)

After the seminar, participants used the Santen OptiNavi¹ website to check their eyes for any vision irregularities.

¹ Santen OptiNavi is a paid service for Japanese corporations and groups.

Conservation of the Global Environment

Establishment of Santen Vision for the Earth 2050

Santen established "Santen Vision for the Earth 2050" to fulfill its social responsibilities and strengthen the business foundation for its sustainable growth, with full recognition of conserving the global environment as one of the most important challenges. Under the vision, Santen will make a full commitment to the following two areas in all countries and regions of its operation. The first commitment area is Measures against Climate Change, which is aimed at the achievement of carbon neutrality toward the Realization of a Carbon-free Society mainly through technological

innovation toward an energy shift and thorough reuse and highly efficient use of resources at plants and other facilities. The second commitment area is Environmental Load Reduction, which is aimed at the Establishment of a Recycling-based Society mainly through the full utilization of sustainable resources and materials based on technological innovation for all products. Santen also plans to support the Task Force on Climate-related Financial Disclosures in June 2022.

Santen Vision for the Earth 2050

Happiness with Vision, Happiness with the Earth

Measures against Climate Change

Realization of Carbon-free Society



Virtually Zero Emissions of Greenhouse Gas

Environmental Load Reduction

Establishment of Recycling-based Society



Water
resource



Resource
saving



Plastic

Full use of sustainable Resources & Materials

Environmental Targets for 2030 to Achieve "Santen Vision for the Earth 2050"

Targets

Contribution to a carbon-free society

Targets

Scope 1 and 2 emissions¹

50% reduction (versus 2019)

Scope 3 Category 1 emissions
(non-consolidated)²

15% reduction (versus 2019)

¹ Scope 1 emissions: Direct GHG emissions from sources owned or controlled by a company (fuel combustion and industrial processes)

² Scope 2 emissions: Indirect GHG emissions from the generation of purchased energy, such as electricity, heat, and steam
Scope 3 Category 1 emissions: Scope 3 emissions denote indirect GHG emissions, other than Scope 1 and 2 emissions, resulting from a company's value chain activities, which are not owned or controlled by the company. Among them, Category 1 emissions are emissions from all purchased goods and services.

Targets

Conservation of limited resources, including water as the life of eye drops

Targets

Water consumption per unit of production

12.4m³/10,000 bottles or less

Recycling rate

98% or higher

Targets

Reduce and shift from plastic, and become plastic-free

Targets

Plastic used for eye drop containers

60% from biomass plastic

Plastic used for wrapping and packages

15% reduction by 2030 (versus 2019)

Chairman's Message



We will strengthen governance to evolve into a truly global company.

Over the past year, we have undertaken many very important projects, such as the new medium-term plan MTP2025 announced in May 2021. CEO Shigeo Taniuchi and the rest of the Board of Directors have engaged in rigorous, free and open discussions involving productive opinion exchange and were able to make quick and appropriate decisions. As Chairman of the Board of Directors, in fiscal 2021, I will continue to strengthen the effectiveness of the Board with the goal of further enhancing the transparency and objectivity of management.

Fiscal 2021 is also the first year of MTP2025. We will take on new challenges while maximizing the value of our core business of prescription ophthalmic pharmaceuticals. Management supervision using enhanced monitoring mechanisms will be more important than ever, particularly in discussing R&D and investments in new fields. Whilst other companies may have larger boards, members of Santen's Board of Directors reflect a wide range of backgrounds, from the life science business to global management, ESG and social contribution. We will proactively remain engaged in strategic discussions whilst gathering the relevant information from our executives.

Santen wants to evolve into a truly global ophthalmology company. Ensuring transparency, objectivity and appropriateness of management to improve corporate value and shareholder value is the core tenet of Santen's governance, in which constant evolution remains important to allow us to address changes in the business environment. We will contribute to a further evolution in our governance by listening sincerely to the opinions we obtain throughout our dialogues with investors and other stakeholders.



Akira Kurokawa
Representative Director
Chairman

The ESG Management Santen Should Pursue from the Perspective of Outside Directors

Promoting ESG management will require stronger organizational capabilities. Unless we directly link ESG issues to our core businesses, our initiatives will start and end with the efforts of the head office and a limited number of employees. Without appropriate processes, our initiatives will not be positively evaluated. That is why we believe that management should fully address such issues and communicate our intentions both inside and outside the Santen Group.



■ Kunihito Minakawa

Outside Director

■ Kanoko Oishi

Outside Director

■ Yutaro Shintaku

Outside Director

Toward Stronger ESG Management (Particularly with Regard to Environmental and Social Issues)

Minakawa: In May 2021, Santen announced Medium-Term Plan MTP2025. To begin with, I appreciate the scope of the discussions and the efforts of those involved in business execution who reflected the content of those discussions in the long-term vision announced last year, as well as the new medium-term plan. It will be necessary to roll out the plan they have formulated throughout the Group and promptly tackle highlighted issues to achieve

results. MTP2025 also advocates stepping up ESG activities and sets relevant key targets accordingly.

Looking back retrospectively, a large number of companies conducted their CSR activities outside the scope of their core business activities. Today, companies are expected to fulfill their social responsibilities through their core businesses. Given that Santen intends to accelerate its global expansion, I believe improving its organizational capabilities will be important. In that respect, the question on whether each part of the organization fully understands what must be done arises. For example, if it is understood that CO₂ reduction

The ESG Management Santen Should Pursue from the Perspective of Outside Directors

and other ESG issues are directly linked to the core businesses, then the whole organization is likely to tackle such matters promptly. However, if businesses in each region do not understand that direct link—for instance, if they are not willing to take on the costs associated with CO₂ reduction—then the head office will be left as the lone proponent of CO₂ reduction.

Shintaku: I agree. Healthcare companies are in an industry where it is easy to link their core businesses to helping resolve social issues. However, society has been demanding a higher-level response in areas such as environmental measures, and the standards envisioned by investors have also become stricter. Santen being a healthcare company, does not necessarily imply it already satisfies every requirement. MTP2025 sets environmental and relevant targets, but these are just a starting point. Going forward, in areas such as switching all electric power consumption to renewable energy sources, Santen must conduct initiatives overseas as well as in Japan, and proactively disclose its actions.

Oishi: Given that Santen is a healthcare company, I think “what” it is working for is relatively clear. Rather, the important part is “how” it will accomplish its goals. For example, in creating products that contribute to patients’ eye health, Santen’s manufacturing processes should not place an excessive burden on the environment. Santen’s CORE PRINCIPLE spells out “what” it should do. The management team must thoroughly consider “how” it will achieve its aim and communicate that both inside and outside the Santen Group. Doing so will encourage each division to take ownership of issues and further clarify how those initiatives are linked to Santen’s core businesses.

For social issues as an example, from the viewpoint of promoting women’s participation and success in the workplace, I think Santen is fully capable of further improving its ratio of female managers. With the adoption of telework infrastructure for office staff, measures to facilitate work regardless of location have been firmly established. Santen has declared that remote working practices will remain in effect even after the COVID-19 pandemic subsides. As a consequence, Santen should be able to hire capable human resources from any region. This will also certainly lead to higher motivation for current Santen employees. All of these human resources-related measures have been implemented because they are directly linked to Santen’s business.



It is necessary to tackle ESG issues directly through core businesses with a Company-wide response.

Minakawa: From the perspective of diversity, Santen is also focusing on hiring people with disabilities. Previously, I visited Santen’s special subsidiary Claire Co., Ltd. and their employees at work. Claire is a cleaning business that requires specialized handling for sterile and dust-free clothing, and I was able to take a glance at the employees’ work methods and innovations. This helped me understand Santen’s progress in supporting diversity at the workplace.

As a company involved with vision, Santen also emphasizes hiring people with visual impairments. Employees with visual impairments conduct activities to promote the understanding and convey the importance of communication regarding this type of disability, both inside and outside the Santen Group. To realize a truly inclusive society, I think Santen should expand such initiatives not only in Japan but also to other regions.

The ESG Management Santen Should Pursue from the Perspective of Outside Directors

Santen's Governance Structure and the Future Composition of the Board of Directors

Shintaku: As I touched on last year, Santen maintains an atmosphere in which members of the Board can speak openly and discuss matters unreservedly. When someone objects to a proposal, there is a basis for hearing that person out, and to the best of my knowledge, the level of open communication is outstanding among Japanese companies. As Santen explores various growth trajectories going forward, I positively appraise this atmosphere and the organizational culture that seeks to take into consideration diverse opinions. Moreover, the Board is evenly split between Inside and Outside Directors. All Inside Directors speak from the perspective of management, with an overall understanding of the Company. Seeing this approach among the Inside Directors makes it rewarding for me as an Outside Director.

Oishi: I share your opinion of the atmosphere at Board meetings. Outside Directors can exchange frank opinions with each other, as well as with the Chairman and President. In addition, from my experience on the Board, I feel that having Outside Directors is not simply a formality for Santen, and our opinions are seriously sought. This attitude is held not only by the Chairman and President, but also by the executives in each division, which makes us feel our role is worthwhile and motivated to offer support.

Minakawa: Like both of you, I appreciate the freedom to speak freely on various matters. But if we do make a proposal, I think it should lead to further discussions outside the regular Board of Directors meeting. It might be better if the Company did more to get the most out of its Outside Directors. Although Santen has established the **Corporate Strategy Committee** (►Page 53) to discuss strategies for important issues, it would be good to have a forum with a broader internal audience that extends to relevant divisions to allow for more extensive discussions. I think that would lead to further improvements of the effectiveness of the Board of Directors.

Shintaku: I concur with your point. The makeup of the Board of Directors is also key to further improving its effectiveness. In terms of business, Santen's current overseas sales ratio is around 30%, but it is aiming for 50% by 2025 and further increases after that. Achieving this target will require the launch of businesses overseas that will become mainstays and the appointment of local leaders who can spearhead them. Looking at the next 5–10 years, it will be necessary to find and secure human resources with a firm grasp of all aspects related to business management—from familiarity with the local business environment to development, commercialization, achieving market penetration, and cycling back to new development—and have them take part in Board of Directors meetings.



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I positively appraise this atmosphere and the organizational culture that seeks to take into consideration diverse opinions.

The ESG Management Santen Should Pursue from the Perspective of Outside Directors

Oishi: As the rollout of business overseas expands, firsthand experience in overseas operations will be necessary. At the same time, R&D is a crucial function for a healthcare company, so Santen will need human resources that is intimately familiar with the field of R&D and has the capability to make decisions from the perspective of the Company as a whole. Moreover, from the perspective of diversity, I expect Santen to appoint a woman from within the Company as Director.

Minakawa: I concur with both of your opinions. It may even be better to think within a shorter time horizon of 5–10 years. While diversity is important, including the appointment of non-Japanese Directors, a perfunctory approach to diversity will not help to enhance corporate value. As a matter of course, it may be necessary to retain and develop a talent pool of people with the skills required to become future Board members, for instance by seeking people proficient in R&D or global operations.

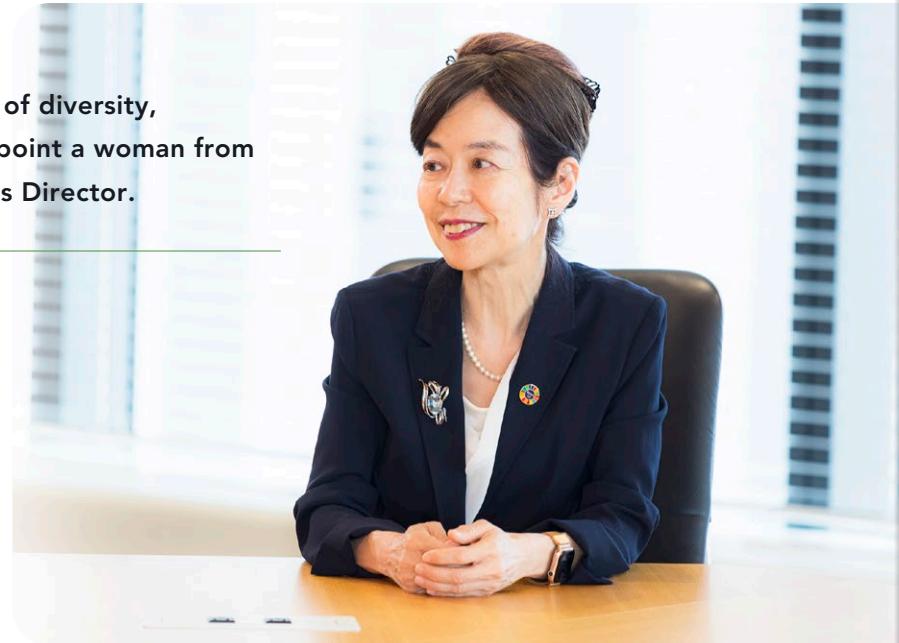
Aiming for Further Growth

Minakawa: Santen is a company with a 130-year history. Today, it is in a transitional period where it must change its way of thinking to transform into a truly global company while maintaining this tradition. I would like President Taniuchi and the other members of senior management, as well as the team of executives in charge of each business and function, to think about how to conduct business suited to the needs of each region. This is likely to generate various innovations.

Shintaku: Santen is a stable company that has grown through business development focused on ophthalmic pharmaceuticals. In expanding its business domains, it may have to

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From the perspective of diversity,
I expect Santen to appoint a woman from
within the Company as Director.



confront barriers it has never encountered before. However, facing a difficulty has value in bringing various things into focus, and so I would like the Company to acquire greater capacity to successfully overcome difficulties.

Oishi: Undoubtedly, there are times when challenges must be faced. Santen is a unique company from Japan that specializes in ophthalmology. To achieve further business growth, it needs to enhance its capabilities in a number of areas. Nevertheless, Santen is a company that is essential to society, and I believe it has the potential to become the world's top company in the field of ophthalmology. I want it to overcome the many challenges that lie ahead and grow with its sights set high. As an Outside Director, I will continue to give my wholehearted support.

Corporate Governance

Basic Views on Corporate Governance

Santen believes that it is vital to upgrade and strengthen corporate governance system in order to achieve and enhance corporate value, and thus returns to shareholders.

Santen has adopted a "Company with Board of Corporate Auditors" system as defined in Japan's Companies Act. Santen will continuously be working to upgrade and strengthen corporate governance by making the most of the current system.

First, the function of the Board of Directors is to make decisions concerning the vital execution of the business as well as to monitor the execution of the business by the management and Directors. Santen will operate with a

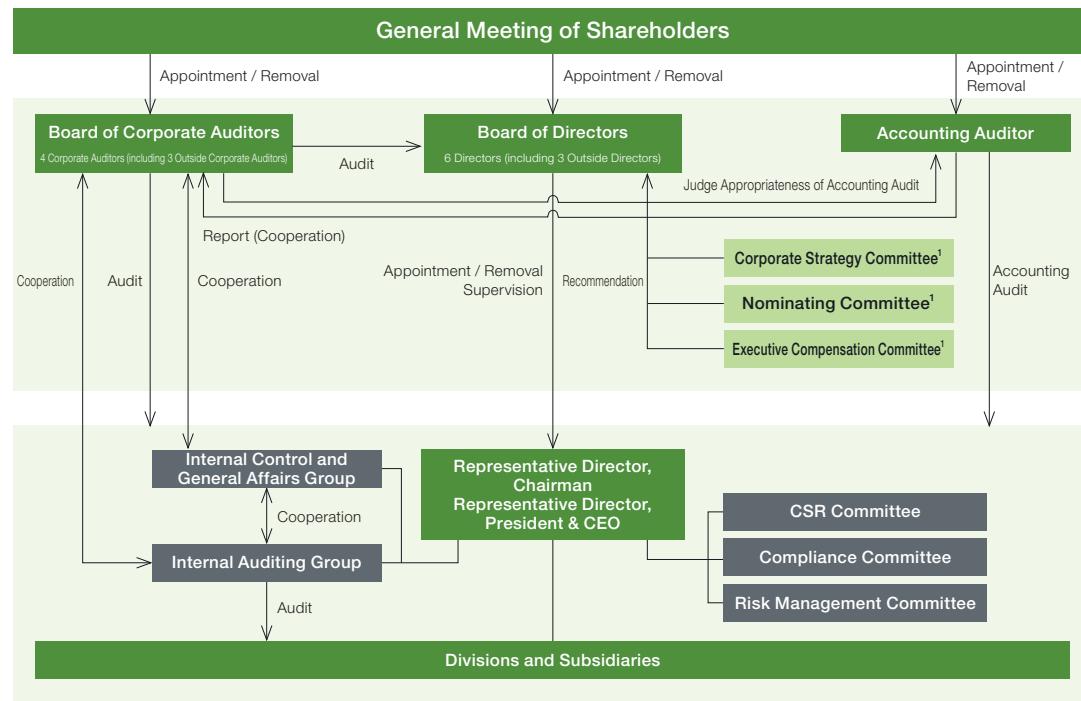
focus on swift and appropriate managerial decision-making. Santen expects its Outside Directors to be actively involved in the Board of Directors in decision-making on individual managerial issues, taking advantage of their wide range of experience and knowledge. Santen will also ask for their opinions from the view of strengthening the function of monitoring Santen's management.

Furthermore, Santen has some specific steps such as establishing the Corporate Strategy Committee, the Nominating Committee and the Executive Compensation Committee, which are all voluntary committees made up of Inside and Outside Directors, and introducing a corporate

officer system to strengthen management and improve the speed of business execution. Santen will go forward with the aim of improving management transparency and objectivity.

Corporate Auditors audit the Board of Directors and executive sections by utilizing the Office of Corporate Auditors or collaborating with the Internal Auditing Group, bringing into view not only the legality but also the appropriateness and effectiveness of the performance of their duties, and Santen will endeavor to strengthen their function.

Management System (As of June 30, 2021)



Corporate Strategy Committee	Deliberates in a concentrated matter on key strategic issues such as business strategies. The predecessor Management Advisory Committee was established in 1999, and the Corporate Strategy Committee was established in 2005.
Nominating Committee	Deliberates on the selection of candidates for Directors and submits recommendations therefor, as well as provides advice in response to consultations concerning the selection of candidates for Corporate Officers and Corporate Auditors. The committee was established in 2005. Outside Director has chaired the committee since 2019 and Outside Directors are in the majority.
Executive Compensation Committee	Deliberates on the compensation of Directors and Corporate Officers and submits recommendations therefor to the Board of Directors, as well as provides advice to the Board of Corporate Auditors with respect to the compensation of Corporate Auditors with reference to market levels. The predecessor Compensation Committee was established in 1999 and the Executive Compensation Committee was established in 2003. Outside Director has chaired the committee since 2019 and Outside Directors are in the majority.

¹ These committees are voluntary and not part of the statutory "Company with a Nominating Committee, etc., System" under Japan's Companies Act.

Corporate Governance

Skill Matrix of Directors and Corporate Auditors

Santen believes that, upon nomination of its candidates for Director and Corporate Auditor, it is important to establish its effective governance system towards the sustainable enhancement of its corporate value through both of the following: (i) in the meetings of the Board of Directors, Directors and Corporate Auditors that attend are engaged in multifaceted deliberations on the appropriateness of business strategies, risks upon realization thereof and other aspects, and also they appropriately supervise the status of execution thereof; and (ii) the Board of Corporate Auditors conducts the audit from the perspective of not only legality but also appropriateness and effectiveness of the Board of Directors and other executive divisions, and thereby fully exerts its function.

Meanwhile, based on the WORLD VISION "Happiness with Vision" and new long-term vision "Santen 2030,"

Santen endeavors to solve social issues through vision by standing by medical professionals and patients and providing innovative value as a Social Innovator beyond the borders of the pharmaceutical industry. Also, in these efforts, Santen will exercise leadership globally allowing us to contribute to people around the world based on ophthalmologic medical needs which differ depending on countries and areas.

Santen considers that, in addition to planning and carrying out corporate strategies as well as appropriate business administration, the knowledge, experience and ability described in the schedule below are specifically important from the viewpoint of the aforementioned principles and business orientation of Santen. In addition to the life science business and global viewpoint, Santen will continuously place emphasis on fields such as ESG and

service to society. Upon appointment of Directors and Corporate Auditors, Santen shall ensure balance and diversity by appointing personnel from various backgrounds, including those with expert knowledge and experience, to allow them to provide advice to and supervision of the management from a multifaceted point of view, and shall place importance on valuing individuals without any other limitations. Moreover, Santen respects the balance between Inside and Outside Directors to secure the objectiveness of discussions, and concurrently therewith, especially with regard to the Board of Corporate Auditors, it has been stipulated that a majority of its offices shall be taken by Outside Corporate Auditors who satisfy the criteria of independence to enhance the independence and neutrality of the audit.

Position	Corporate Governance Meeting Composition (◎: Chairpersons of voluntary committees) (As of June 30, 2021)						Skill Matrix ²					
	Name	Board of Directors	Board of Corporate Auditors	Corporate Strategy Committee	Nominating Committee	Executive Compensation Committee	Corporate management	Life science business	Understanding medical field and patients	Global leadership	Finance and accounting	Legal affairs and risk control
Director	Akira Kurokawa (Representative Director)	○ Chair		○	○	○	●	●	●			
	Shigeo Taniuchi (Representative Director)	○	○	○	○		●	●		●		
	Takeshi Ito (Director)	○	○					●	●			
	Kanoko Oishi (Outside Director)	○	○	○	○		●		●			●
	Yutaro Shintaku (Outside Director)	○	○	○	○		●	●		●		
	Kunihito Minakawa (Outside Director)	○	○	○	○				●	●	●	●
Corporate Auditor	Hiroshi Isaka (Standing Corporate Auditor)	○	○ Chair					●	●			
	Yasuyuki Miyasaka (Outside Corporate Auditor)	○	○							●	●	
	Hiroyumi Yasuhara (Outside Corporate Auditor)	○	○				●		●	●	●	
	Yumiko Ito (Outside Corporate Auditor)	○	○						●	●	●	●
Meetings (April 2020 – March 2021) ¹		14 times	10 times	4 times	5 times	7 times						

1 In fiscal 2020, the average attendance rate for Outside Directors and Outside Corporate Auditors at meetings of the Board of Directors was 100%. The average attendance rate for Outside Corporate Auditors at meetings of the Board of Corporate Auditors was 100%.

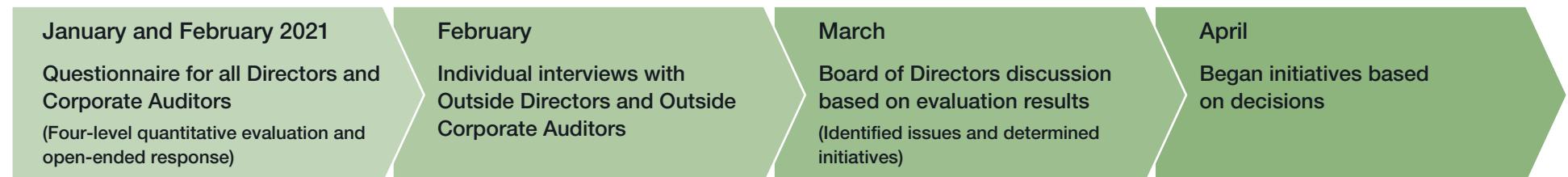
2 Among skills respectively held, two or at most three skills, which are specifically advantageous or those with strong relevance to the businesses of Santen, are described.

Corporate Governance

Analysis and Evaluation of the Board of Directors' Effectiveness

Santen's Board of Directors used the following process to conduct an evaluation of its effectiveness in fiscal 2020, with the aim of further enhancing the role and function of the Board of Directors.

The questionnaires addressed the three main areas of : the function of managerial decision-making, the function of managerial monitoring, and the support system for Outside Directors.



Results of the Fiscal 2020 Evaluation	Issues and Future Initiatives
Evaluated as Positive <ul style="list-style-type: none"> The composition of the Directors is well balanced. There is a well-organized environment in which multifaceted, free and open exchange of views can take place including a climate where opinions of Outside Directors are accepted, and such exchange of views actually take place Provision of information to Outside Directors is made in a proactive and appropriate manner. 	Further enhancement of discussions regarding risk evaluation <ul style="list-style-type: none"> Performance of objective and multifaceted risk evaluations by way of clarifying achievement targets in investment projects where Santen has little experience, as well as strengthening the utilization of independent advisers in the course of evaluating risk Certain feedback to the Board of Directors regarding discussions of risk evaluation and countermeasures on the executive side Thorough evaluation using objective financial indicators including cost of capital
Evaluated as Improved <ul style="list-style-type: none"> As for the material matters for deliberation in the meetings of the Board of Directors, appropriate time was secured and sufficient discussions were made. As for the resolved matters, the monitoring of subsequent progress was appropriately conducted. 	Strengthening of monitoring research and development projects <ul style="list-style-type: none"> Strengthening of confirmation of progress from a long-term viewpoint including investment profitability Sharing of the status of internal and external stakeholders with Outside Directors <ul style="list-style-type: none"> Promptly report and share the shareholders' voices and reactions from the executive to Outside Directors Increase opportunities for internal on-site personnel, including sales and marketing, production, development and the like, to have a point of contact with Outside Directors.

Santen's Board of Directors has assessed that its effectiveness was ensured for fiscal 2020. We recognize that, in addition to our continuing efforts, the result of our efforts to improve the issues we recognized in the evaluation of the effectiveness of the Board of Directors in fiscal 2019 has contributed to this evaluation.

More specifically, to realize fruitful deliberations in the meetings of the Board of Directors, as for material strategic matters as well as research and development matters, the Board of Directors endeavored to hold organic collaboration for medium- and long-term strategies, business and

development portfolio discussions handled by the "Corporate Strategy Committee," a voluntary committee, and the individual agenda items proposed to the Board of Directors. Concurrently therewith, the Board of the Directors endeavored to clarify the positioning of the individual agenda items in the overall strategies, and made an effort to organize issues. Also, the Board of Directors implemented a mechanism to perform regular and continuous monitoring to steadily link the resolutions at the meetings of the Board of Directors with their outcomes, and concurrently therewith, as for the construction of an internal control system,

endeavored to report on material items such as CSR and compliance more fully.

On the other hand, the necessity of making continuous efforts was discussed from the viewpoint of further enhancing the effectiveness, and further enriching the quality, of decision-making at the Board of Directors, as well as strengthening supervisory functions. In fiscal 2021, Santen will focus on the three points above as key initiatives, and, concurrently therewith, continuously review measures to enhance the effectiveness of the Board of Directors.

Corporate Governance

Strategic Discussion and the Role of the Board of Directors

Santen helps its Outside Directors and Outside Corporate Auditors understand the Company's businesses by creating opportunities for them to exchange opinions with executives in Japan and overseas and to hold interviews and visit sites at Group companies in Japan and overseas. However, COVID-19 curtailed these opportunities in fiscal 2020.

The purpose of the Corporate Strategy Committee, which is one of the voluntary committees of the Board of Directors, is to assemble Inside and Outside Directors to

discuss important policies and strategies such as business strategies and M&A as well as major investments. Inside and Outside Corporate Auditors also participate as observers as much as possible. Specifically, the committee's role is to complement strategy discussions at Board of Directors by serving as a forum for a full contextual understanding and preliminary discussions regarding important matters including discussions of medium-to-long-term business strategies, overall portfolio

strategy and pipeline development status. Santen is improving the quality of Board of Director discussions while incorporating outside knowledge by taking the time to discuss important matters and strategies for the Company's medium-to-long-term growth.

In addition, Outside Directors and Corporate Auditors can also observe the Corporate Management Meeting, which is Santen's highest executive decision-making body.



Corporate Governance

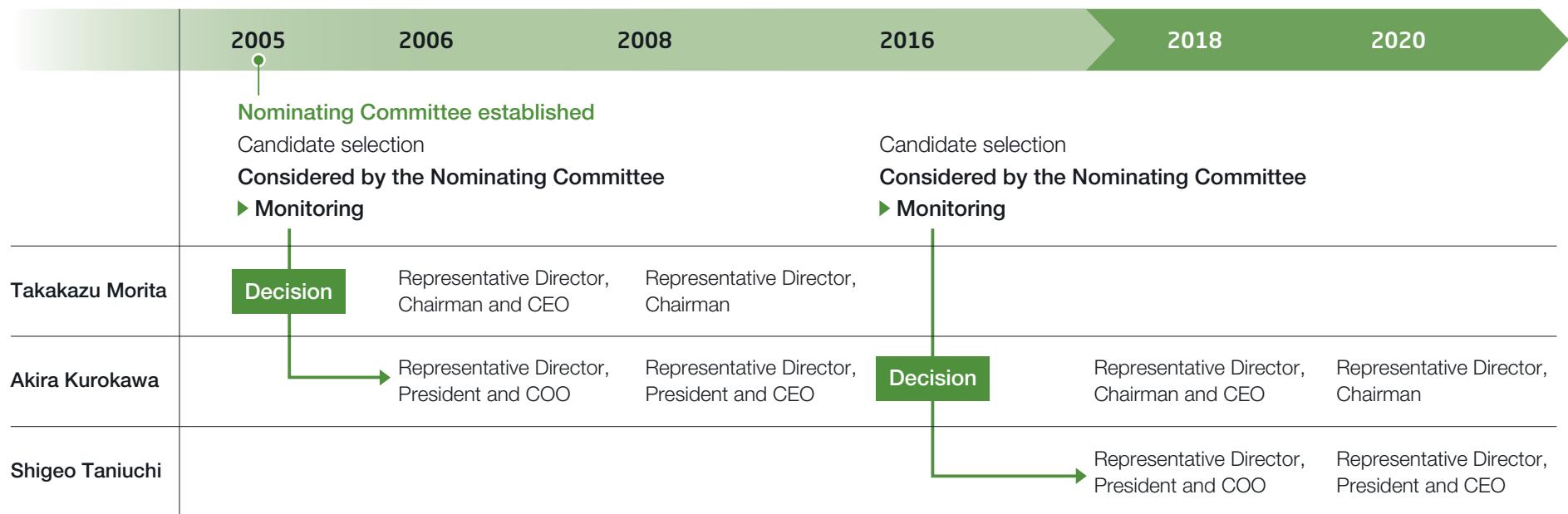
Succession Plan for the CEO and Other Top Executives

Santen's Representative Director recognizes that the preparation of succession candidates for the Chief Executive Officer (CEO) and other top executives is one of the Representative Director's most important responsibilities, and systematically promotes discovery, selection and cultivation of candidates. The Nominating Committee, chaired by an Outside Director and the majority

of which is composed of Outside Directors, provides advice, and oversees the planning and implementation of, such succession plan. In determining successors, the criteria, evaluation, and methods for the selection of successors are determined by the Nominating Committee, which determines a plan for successors after deliberating on whether or not any successor (including those for

outside executives) holds the appropriate credentials, achievements and the like, and then recommends successors to the Board of Directors. The Board of Directors oversees whether or not the succession plan is appropriately progressing, deliberates the succession plan prepared by the Nominating Committee, and determines successors.

New CEO Succession Process



Approach to Strategic-Shareholdings

Santen shall hold shares as strategic-shareholdings when it determines that they will entail medium-to-long-term strengthening of business relationships with the Company and contribute to enhancing its corporate value. Upon shareholding, Santen will verify the propriety of holding each

particular issue of stock at least once a year at the Board of Directors, taking into consideration the economic rationality based on circumstances such as collaborative contracts, business development and business environment or the like, and sell shareholdings of stocks that are deemed to

have little meaning. In fiscal 2020, Santen sold shares in two companies, one of which was a complete divestiture. The sale reduced assets on the balance sheet by JPY 3,044 million.

Corporate Governance

Executive Remuneration

Santen has established an Executive Compensation Committee as one of the voluntary committees (albeit these committees are not part of the statutory “Company with a Nominating Committee, etc., System” under Japan’s Companies Act), which is chaired by an Outside Director and the majority of which is composed of Outside Directors. The Company has stipulated the basic policy on the determination of compensation and other payments to be received by Directors, Corporate Auditors and Corporate Officers as follows:

Basic Policy

1. Ensure effectiveness that contributes to Santen’s sustainable growth and enhancement of medium-to-long-term corporate value to enable them to be engaged in the achievement of Santen’s vision and the medium-term plan with high motivation;
2. Deepen the sharing of values with shareholders;
3. Objectiveness is secured through a highly transparent process for making decisions on remunerations to ensure high accountability to stakeholders;
4. Provide a competitive level of compensation capable of recruiting outstanding human resources; and
5. Appropriately encourage the Target Directors to fulfill their respective functions in executing duties and supervising.

Composition of Executive Remuneration

Compensation for Directors (excluding Outside Directors) has three components: base salary, annual bonus, and stock-based remuneration (medium-to-long-term incentives). Outside Directors and Corporate Auditors receive fixed monthly remuneration, and they do not receive performance-linked remuneration so as to promote appropriate supervisory performance. In addition, Outside Directors who chair voluntary committees, including the Executive Compensation Committee, receive allowances for acting as chair.

With the start of the medium-term plan MTP2025, performance metrics for annual bonus and Performance Share Unit (PSU) were deliberated by the Executive Compensation Committee and approved by the Board of Directors. The new evaluation metrics promote a shift in

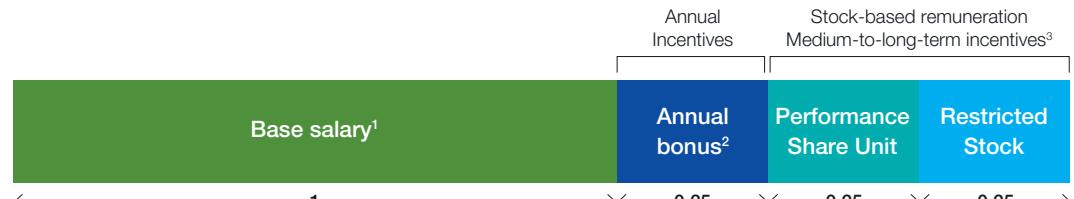
focus from quantity to quality and transformation into a truly global company, which are MTP2025 management themes for the future. The objective is to effectively implement strategies and achieve primary financial and non-financial goals during each year of the plan while also achieving the goals of the medium-term plan and sustainable growth. In addition, PSU incentivize continuous increases in medium-to-long-term corporate value with a focus on indicators related to total shareholders return (TSR) and ESG.

Santen will further strengthen its commitment to ESG management and promote clearly defined initiatives. The Company has therefore decided to set individual performance targets for the CEO beginning in fiscal 2021 that will include ESG-related goals (▶ See ★ on page 56).

These goals include making the transition to eye drop containers that use biomass plastics, promoting diversity, equity and inclusion (DE&I) with a focus on making senior management more diverse, and enhancing internal control. In addition, the Company will introduce a globally harmonized performance management and compensation program for all employees, including senior management to promote globalization. The Company will also take a phased approach to further inculcating a performance culture based on performance-linked remuneration.

Moreover, the Company plans to improve compensation governance in ways such as reviewing compensation levels and pay mix and making compensation decisions more transparent to help achieve the goals of the medium-term plan and further enhance corporate value.

Composition of Remuneration



1 Base salary: Fixed monthly salary for each grade based on job evaluation

2 Annual bonus: Performance-linked remuneration for steady results that help achieve business performance targets each year. It consists of a company performance-linked component based on single-year performance metrics and an individual performance-linked component. Both components are determined within the range of 0% to 200% of target bonus.

3 Stock-based remuneration (medium-to-long-term incentive): Santen has two stock-based remuneration plans with the aim of encouraging executives to proactively engage in achieving the Company’s vision and strategy, and to promote the further sharing of value with shareholders.

- Performance Share Unit: Shares are issued at a rate determined in the range of 0% to 200% according to the degree of achievement of the performance metrics set for a certain period, such as the period of the medium-term plan. Shares are issued in a single block after the assessment period ends.
- Restricted Stock: A stock-based remuneration plan in which restricted shares are granted each fiscal year. Transfer restrictions are lifted three years after each condition such as service for a specified term or office has been satisfied.

Corporate Governance

Executive Remuneration (Fiscal 2020)

Type of Remuneration	Targets	Actual results	Payout ratio	Position	Total remuneration (JPY millions)	Total remuneration (JPY millions)					Number of eligible executives
						Base salary	Annual bonus	Performance Share Unit	Restricted Stock	Non-monetary remuneration included at left	
Annual bonus	Revenue: JPY 235,000 million	Revenue: JPY 249,605 million	69.5%	Directors (excluding Outside Directors)	316	218	48	5	45	48	3
	Core operating profit: JPY 52,000 million	Core operating profit: JPY 50,101 million		Corporate Auditors (excluding Outside Corporate Auditors)	26	26	—	—	—	—	2
	ROE (IFRS basis) 7.5%	ROE (IFRS basis) 2.2%		Outside Directors	53	53	—	—	—	—	3
	Average core operating profit ratio: 20.5%	Average core operating profit ratio: 20.5%		Outside Corporate Auditors	38	38	—	—	—	—	3
Performance Share Unit	Revenue growth rate (CAGR): 6.0%	Revenue growth rate: 3.5%	39.3%								
	Average core operating profit ratio: 20.5%	Average core operating profit ratio: 20.5%									
	Average ROE (IFRS basis): 10.7%	Average ROE (IFRS basis): 7.1%									

The number of recipients is the total who held office during fiscal 2020, including one Corporate Auditor who retired due to the expiration of his term of office at the conclusion of the Ordinary General Meeting of Shareholders held on June 24, 2020. Total non-monetary remuneration for Directors (excluding Outside Directors) was JPY 3 million for the Performance Share Unit and JPY 45 million for Restricted Stock.

Performance Metrics and Weighting of Annual Bonus and Performance Share Unit from Fiscal 2021 (in the case of the CEO)

	Annual bonus			Performance Share Unit		
	Performance metrics		Weighting	Performance metrics		Weighting
Evaluation metrics and weighting from fiscal 2021 (PSU performance period: 3 years from fiscal 2021 through fiscal 2023)	Company performance (80%)	Revenue	0.2	Company performance (100%)	Relative total shareholders return (TSR) ¹	0.8
		Operating profit ratio (IFRS basis)	0.4		ESG-related indicators ²	0.2
		ROE (IFRS basis)	0.2			
	Individual performance (20%)	ESG-related indicators★	0.2			
(Reference) Performance metrics and weighting through fiscal 2020 (PSU performance period: 3 years from fiscal 2018 through fiscal 2020)	Company performance ³ (100%)	Revenue	1/3	Company performance (100%)	Revenue growth rate	0.4
		Core operating profit	1/3		Average core operating profit ratio for the period	0.4
		ROE (IFRS basis)	1/3		Average ROE for the period (IFRS basis)	0.2

Chairman's annual bonus: Company performance-linked component weighted at 100% of the total annual bonus.

Annual bonus for Inside Directors other than the Chairman and the CEO: Individual performance is evaluated using the Balanced Scorecard based on Group-wide and departmental objectives set from the perspective of Group-wide execution. Corporate Officers are also compensated under the same system, but with different weightings.

1 Peer group of global life science companies

2 Based on results of assessment by an external evaluation organization

3 80% for Inside Directors other than the Chairman and the President, with the remaining 20% linked to individual performance

Corporate Governance

Development of the Internal Control System

In accordance with Japan's Companies Act and the Ordinance of Enforcement of the Companies Act, Santen has passed a resolution regarding the development of a system to ensure appropriate operations (Basic Policy on Internal Control). The operating divisions regularly report on the status of the development and implementation of the

system to the Board of Directors, while the Board of Directors gives instructions and makes course corrections as necessary, in order to qualitatively enhance the development and implementation of the internal control system and expand its scope. Each Group company is upgrading its internal control system.

In addition, Santen has and uses internal controls related to financial reporting in accordance with assessment and auditing standards and implementation standards for internal controls related to financial reporting based on the Financial Instruments and Exchange Act.

Risk Management

For the Santen Group to respond appropriately to foreseeable major risks of loss related to its business activities, in accordance with the rules on risk management, each of its Group companies and organizations shall endeavor to comprehend and manage risk of loss from normal times, construct systems for formulating policies and countermeasures and for gathering information, and endeavor to avoid or minimize risk of loss.

Upon the occurrence of any event that may evolve into a material risk or if such an event is reported, the Crisis Management Committee chaired by Santen's Representative Director, President & CEO shall be

established within Santen, which will endeavor to address the matter and settle the situation, as well as institute measures to prevent a recurrence.

In addition, the Internal Auditing Group shall conduct internal audits of the status of management of the risk of loss within the Santen Group from an independent viewpoint.

Santen is expanding its businesses globally and a high level of compliance with various regulations as well as stable product supply are required from the pharmaceutical industry. The Company must also address various risks. Therefore, it regularly assesses risks to clarify those that

could have a material impact on its businesses and formulates and discusses measures to mitigate major risks in the course of ongoing risk management activities.

In fiscal 2020, Santen conducted an assessment in collaboration with an external investigation company to visualize risks Group-wide and identify and evaluate material risks. As a result, the Company has confirmed that it is appropriately controlling internal and external risk factors, found no material instances of non-compliance or fraud, and reaffirmed that its corporate culture and environment are generally favorable for precluding risk.

Compliance Initiatives

Santen has established the Compliance Committee consisting of officers in charge of each region and functional organization to promote and strengthen compliance Group-wide. In addition, in order to promote activities more effectively, the Company has assigned a compliance officer for each region under the Chief Compliance Officer to foster employee awareness of compliance and ensure compliance with laws and regulations through activities such as thoroughly communicating and inculcating global

compliance policies and providing regular compliance training for all employees.

Santen has made it easier for all employees, including full-time employees, contract workers, temporary workers and others, to consult and report on suspicious actions related to compliance by establishing internal consulting and reporting desks that respond in various languages in its operating countries and regional bases. Additionally, Santen has established external helplines through external third

parties such as lawyers that receive reports in the regions it serves worldwide. Incoming consultations and reports are investigated and addressed appropriately, with regular management reporting. The Compliance Rules applied to all Group companies stipulate that there must be adequate measures in place to protect internal whistleblowers in each region.

Corporate Governance



Contributing to Santen's Robust and Sustainable Growth

Mika Masunari

Corporate Officer

General Counsel (GC)

Chief Compliance Officer (CCO)

Head of Legal and Compliance Division

Legal and Compliance Initiatives that Support Sustainable Growth

Our CORE PRINCIPLE guides us in doing business with a constant focus on people to achieve "Happiness with Vision" for people all around the world. As a healthcare company, we build appropriate and transparent relationships with healthcare professionals and patients and protect the privacy and rights of individuals in the course of our business. The Santen Group therefore particularly emphasizes "compliance focused on preventing corruption" and "protection of personal information."

In formulating policies and regulations, we establish global rules all entities and employees in Santen Group must observe to do business in "Santen's" way in line with our CORE PRINCIPLE. At the same time, for smooth operations at business front lines, we clarify the scope of flexibility which may be adjusted to adapt to the local laws and business operations. We will continue to enhance our globally-optimized compliance program and thorough awareness of employees, thereby contributing to robust business growth.

Santen is expanding into new regions and areas to

generate medium-to-long-term growth. In 2020, we acquired Eyevance to establish a business foundation in the United States. For us to successfully launch businesses in the United States, one of the most important regions for our medium-to-long-term growth strategies, it is critically important to appropriately control legal and compliance risks. By advancing post-merger integration (PMI) from the perspective of legal affairs and compliance, we will make sure that businesses are conducted appropriately in line with our CORE PRINCIPLE and our standards, even at an acquired companies originally having different corporate cultures and processes.

Our role in the Legal and Compliance Division is not limited to risk control, but rather, we should have a perspective of "value creation" for achieving medium-to-long-term growth. As Santen takes on new challenges, we will always consider what kind of professional support we can provide for developing new businesses and what role the Division can play to maximize business value. In doing so, we will continue to contribute to Santen's robust and sustainable growth.

Corporate Governance

Santen's Response to Business Risks

Assessment points	Potential risks	Status of response
Global compliance	Violations of social norms, laws and regulations could have a material impact on Santen Group management by negatively affecting the Santen Group's operating performance and business continuity.	<ul style="list-style-type: none"> The Group has systemically enhanced global compliance with the Global Compliance Policy. A systematic global education program for all employees is in place and operational. Santen fosters awareness of compliance and strengthens legal compliance by designating a month to inculcate the Santen Code of Practice, supported by messages from the CEO and regional senior management. An integrated Group-wide system to identify issues and ensure appropriate follow-up is in place and operational.
Production and Supply	Pandemics, natural disasters, fires and other incidents may impede or delay global production. (Example: Temporary suspension of production at the Suzhou Plant due to COVID-19)	<ul style="list-style-type: none"> Create processes, systems and other mechanisms to ensure stable supply. Remain abreast of actual conditions and respond to issues by planning, monitoring execution, and assessing risk. Structure product manufacturing and supply for compatibility with rigorous logistics regulations in Europe. Visualize and centralize global inventory management and production planning. <p>Note: The stable supply of products has been Santen's top priority in initiatives to counter COVID-19. The Company has maintained product inventory levels, ensured factory safety, and created an environment that enables factory workers to work remotely.</p>
Investment	Initially expected effects and earnings from alliances with other companies, M&A (introduction of products or technologies, acquisitions and joint ventures, etc.) and capital investment may not materialize. (Example: Acquisition of Eyevance)	<ul style="list-style-type: none"> Implement investment decisions in line with internal evaluation criteria based on cost of capital. Establish Corporate Strategy Committee to discuss key strategic issues. Organically coordinate discussions of medium-to-long-term strategy, businesses and development portfolio with individual projects for submission to the Board of Directors. Clarify the position of individual projects in overall strategy and lay out issues for discussion. Introduce a framework for regular, ongoing monitoring of matters the Board of Directors has resolved to support steady results.
IT Security and Information Management	Possibility of information leakage or system outage due to system weaknesses, cyberattacks or computer viruses	<ul style="list-style-type: none"> Implement and maintain an information security management system based on the ISO 27001 standard to ensure the confidentiality, integrity, and availability of information necessary to maintain operational and regulatory continuity and strategic competitive advantage. Establish internal regulations such as the Global Data Privacy Policy, the Information Security Policy, and the Document Management Policy to address cybersecurity risks. Implement human measures centered on security training and drills, organizationally strengthen security governance, and implement technological measures.
Pharmaceutical Regulatory Trends	Impact on business performance from regional and national government regulations for medical insurance and drug prices (Example: Impact of Volume-Based Purchasing in China)	<ul style="list-style-type: none"> Accelerate the development of new drugs with high added value. Pivot from long-listed products to a portfolio centered on new drugs. Help ensure drug approval and fair pricing by strengthening global regulatory and market access capabilities.

See the following sites for more information on corporate governance.



Stakeholder Engagement

Santen aims to create value shared with its stakeholders by building a relationship based on mutual trust and communication.



Shareholders and Investors

The COVID-19 pandemic made it difficult to hold briefing sessions and face-to-face meetings in fiscal 2020, but we proactively conducted online activities to maintain or improve the quality and quantity of opportunities for communication. In addition to regular events such as the Annual General Meeting of Shareholders and financial results meetings, we held a meeting to explain our long-term vision Santen 2030 and a briefing on strategy for institutional investors.

From investors, we received feedback about expectations regarding Santen's long-term commitment to address eye-related social issues, as well as requests for disclosure of specific medium-term growth indicators. In MTP2025 launched in May 2021, we have disclosed the thinking behind our medium-to-long-term goals, as well as specific KPIs. We will continue working to enhance the quality of our management and improve our IR activities through communication with shareholders and investors.



MTP2025 meeting (May 2021)



Patients and People Who Have Eye Problems

At Santen, "People Centricity" is the core of our values.

In fiscal 2020, we ramped up people centric activities, including patient field surveys and patient seminars, in various departments. For example, the In Service of Patients (ISOP) initiative aims to integrate People Centricity into day-to-day activities and help improve patient engagement and the patient experience. Recently, ISOP kicked off a pilot to re-create the Dropaid with eco-friendly packaging specifically designed for children taking Verkazia, a drug for treatment of severe vernal keratoconjunctivitis. Later in the year ISOP will conduct usability testing of the Dropaid with children and parents to get feedback as part of Santen's first Patient Support Program.

By continuing to incorporate feedback from patients and other people in our business activities, we will deliver happiness through vision and help resolve eye-related social issues.



Employees

In fiscal 2020, we continued promoting employee understanding of and participation in our long-term vision. In addition to providing information on the latest trends in ophthalmology through our in-house newsletter before announcing the long-term vision, we held online events, namely the VISION Meeting for its announcement and VISION Talk sessions as regular opportunities for dialogue. We are also soliciting suggestions from employees for achieving the long-term vision. Each VISION Talk session covers different content and has an interactive format with, for example, the president sharing the latest initiatives related to the long-term vision and their context, then taking questions from employees. The events are streamed in Japanese, English and Chinese.

We are also accelerating the development of personnel systems that facilitate flexible employee working styles and technologies for digital workplaces that can be accessed anytime and anywhere.

「VISION Talk Relay」will be started!

- VISION Talk is an online session to introduce the initiatives/efforts to realize Santen 2030/MTP2025 in a relay.
- Santen members from various regions/departments introduce their initiatives as speakers.
- Frequency: about once every month or two
- Time: 30 minutes including Q&A
- Each speaker recommends the next theme or speaker.
- Content:
 - ✓ Questions will be collected in advance from all Santen members.
 - ✓ The schedule and main language will be decided by the speaker.

3rd VISION Talk session (June 2021)

Management Team

Directors and Corporate Auditors

Directors



Akira Kurokawa

Representative Director
Chairman

1977 Joined the Company
1997 Director, General Manager, Head of the Office of Sales and Marketing Division, Prescription Pharmaceuticals
2001 Corporate Officer, Head of Sales and Marketing Division, Prescription Pharmaceuticals
2004 Senior Corporate Officer, Head of Sales and Marketing Division, Prescription Pharmaceuticals
2006 Representative Director, President & COO
2008 Representative Director, President & CEO
2018 Representative Director, Chairman & CEO
2020 Representative Director, Chairman (incumbent)



Shigeo Taniuchi

Representative Director
President and Chief Executive Officer

1996 Joined the Company
2015 Corporate Officer, Head of Santen Europe (currently EMEA), and President of Santen Holdings EU B.V.
2016 Senior Corporate Officer, Head of Santen Europe (currently EMEA), and President of Santen Holdings EU B.V.
2017 Director, Senior Corporate Officer, Head of Santen EMEA, and President of Santen Holdings EU B.V.
2018 Representative Director, President & COO
2020 Representative Director, President & CEO (incumbent)



Takeshi Ito

Director, Executive Corporate Officer, Head of Japan Business, Head of Japan Sales and Marketing Division

1982 Joined the Company
2012 Corporate Officer, Head of Prescription Pharmaceuticals Sales Department, Sales & Marketing Division, Prescription Pharmaceuticals
2014 Senior Corporate Officer, Head of Japan Sales & Marketing Division, Prescription Pharmaceuticals
2016 Executive Corporate Officer, Japan Business, Head of Japan Sales & Marketing Division, Prescription Pharmaceuticals
2017 Director, Executive Corporate Officer, Japan Business, Head of Japan Sales and Marketing, Prescription Pharmaceuticals
2019 Director, Executive Corporate Officer, Head of Japan Business, Head of Japan Sales & Marketing Division (incumbent)

Corporate Auditors



Hiroshi Isaka

Standing Corporate Auditor

2010 Joined the Company
2012 Head of Corporate Development Division
2013 Deputy Head of Human Resources Development and CSR Division
2015 Head of Surgical Division
2019 General Manager, IOL Business Planning Group
2020 Standing Corporate Auditor (incumbent)



Yasuyuki Miyasaka

Outside Corporate Auditor
Independent Officer

2010 Director of Risk Management and Quality Assurance Office of IFRS Deloitte Touche Tohmatsu LLC
2017 Established Yasuyuki Miyasaka Certified Public Accountant Office; Head (incumbent)
2018 Outside Director, ITOCHU SHOKUHIN Co., Ltd. (incumbent)
2018 Outside Corporate Auditor of the Company (incumbent)



Kanoko Oishi

Outside Director
Independent Officer

1993 Partner, McKinsey & Company, Inc
2000 Established Mediva, Inc. Representative Director (incumbent)
2000 Established Seinan Mediva Co., Ltd. (currently Seeds 1 Co., Ltd.); Representative Director (incumbent)
2004 Established Platanus Medical Corporation; COO (incumbent)
2010 Outside Director of Astellas Pharma Inc
2015 Outside Director of the Company (incumbent)
2015 External Board Member of Ezaki Glico Co., Ltd. (incumbent)
2015 Outside Director of Suruga Bank Ltd.
2016 External Director of Shiseido Company, Limited (incumbent)



Yutaro Shintaku

Outside Director
Independent Officer

2010 Representative Director, President and CEO of Terumo Corporation
2017 Corporate Advisor of Terumo Corporation
2017 External Director of J-Oil Mills Inc. (incumbent)
2017 Outside Director of the Company (incumbent)
2018 Outside Director of Kubota Corporation (incumbent)
2018 Visiting Professor, Business Administration, Hitotsubashi University Business School
2019 Project Professor, Business Administration, Hitotsubashi University Business School (incumbent)
2019 Outside Director of KOZO KEIKAKU ENGINEERING Inc. (incumbent)



Kunihito Minakawa

Outside Director
Independent Officer

2010 Corporate Vice President, and General Manager of Finance and Accounting Division, Ricoh Company, Ltd.
2010 Audit & Supervisory Board Member, Ricoh Leasing Company, Ltd.
2012 Corporate Senior Vice President, and General Manager of Finance and Accounting Division, Ricoh Company, Ltd.
2013 Audit & Supervisory Board Member, Ricoh Company, Ltd.
2017 Outside Director of Sony Corporation
2018 Outside Director of the Company (incumbent)
2019 Commissioner of the Certified Public Accountants and Auditing Oversight Board, Financial Services Agency (incumbent)
2020 External Director of Nippon Sheet Glass Co., Ltd. (incumbent)



Hirofumi Yasuhara

Outside Corporate Auditor
Independent Officer

2008 Director, Pana-Home Corporation (currently Panasonic Homes Co., Ltd.)
2012 Representative Director, Pana-Home Corporation (currently Panasonic Homes Co., Ltd.)
2014 Senior Audit & Supervisory Officer, Automotive & Industrial Systems Company, Panasonic Corporation
2015 Senior Audit & Supervisory Board Member, Panasonic Corporation
2019 Established Ito Law Office; Representative (incumbent)
2019 Independent Director, Kobe Steel, Ltd. (incumbent)
2019 Outside Corporate Auditor of the Company (incumbent)
2020 Outside Audit & Supervisory Board Member, Sumitomo Rubber Industries, Ltd. (incumbent)
2020 Outside Corporate Auditor, Hitachi Zosen Corporation (incumbent)



Yumiko Ito

Outside Corporate Auditor
Independent Officer

2007 Executive Officer, Legal & Corporate Affairs, Microsoft Co., Ltd. (currently Microsoft Japan Co., Ltd.)
2013 Director, Executive Officer and General Counsel, Sharp Corporation
2014 Director, Executive Managing Officer and General Counsel, Sharp Corporation
2019 Established Ito Law Office; Representative (incumbent)
2019 Independent Director, Kobe Steel, Ltd. (incumbent)
2019 Outside Corporate Auditor of the Company (incumbent)

Corporate Officers

Corporate Officers (Not including directors who also serve as corporate officers)



Kazuo Koshiji
Senior Corporate Officer

Corporate Administration
Chief Financial Officer (CFO)
Head of Finance and Administration Division



Akio Kimura
Senior Corporate Officer

Global Product Supply



Satoshi Suzuki
Senior Corporate Officer

Head of Corporate Development Division



Kenji Morishima
Corporate Officer

Head of China Product Development Department



Takahiro Morita
Corporate Officer

Core Principle and CSR Promotion
Corporate Development Division



Frank Binder
Corporate Officer

Head of Supply Chain Division



Luis Iglesias
Corporate Officer

Head of EMEA Business



Ken Araki
Corporate Officer

Head of Global Business Development Department
Corporate Development Division



Isao Takahashi
Corporate Officer

Head of Asia Business



Minori Hara
Corporate Officer

Chief Information Officer (CIO)
Head of Digital & Information Technology Division



Peter Sallstig
Corporate Officer

Head of Product Development Division



Tatsuya Kaihara
Corporate Officer

Head of North America Business



Takayuki Yamada
Corporate Officer

Head of China Business



Tomo Yashiki
Corporate Officer

Head of Human Resources Division



Mika Masunari
Corporate Officer

General Counsel (GC)
Chief Compliance Officer (CCO)
Head of Legal and Compliance Division



Shinichi Teramachi
Corporate Officer

Head of Sales Department
Japan Sales and Marketing Division



Ippei Kurihara
Corporate Officer

Head of Marketing Department
Japan Sales and Marketing Division

131-Year History

Since its founding in 1890, Santen has contributed to patients and their loved ones. The spirit of our CORE PRINCIPLE, reflected in our company name, has more than 130 years of heritage. We have turned the challenges we have overcome into our strengths, and this continues to pave the way for our next growth trajectory.

Establishment— Laying the Foundation (1890-1989)

1890

Santen kicks off by taking the challenge of contributing to people's health

Santen's origins date back to 1890, when Kenkichi Taguchi opened Taguchi Santendo. *Heburin-gan*, a cold medication, was its main product at the time. In the late 19th century, many people in Japan suffered from eye disorders, and demand for eye drops was high. The company launched *Daigaku Eye Drops* in 1899 and the product's popularity spread nationwide. From that point, Santen began taking on the challenge of contributing to eye health.



1950s

Pursuing a strategy centered on eye drops, and expanding into prescription pharmaceuticals

Due to difficulties encountered from aerial bombings during World War II, Santen shifted its business strategy focusing on eye drops. In 1958, Santen entered the prescription pharmaceutical business and in 1962 launched *Mydrin-P*, which promotes mydriasis, or dilation of the pupil. This groundbreaking eye drop used in ophthalmic surgery and diagnosis contributed significantly to the development of ophthalmology in Japan. Thereafter, product launches included an innovative antibiotic ophthalmic and a glaucoma treatment, laying the foundation to support ophthalmic treatment in Japan.



Growth (1990-2009)

1990s

Strengthening the global production system toward internationalization and entering the European market

Upon its centennial in 1990, Santen embarked on a new growth stage with the announcement of a long-term vision to contribute to society with the best products and services focusing on the eye and health. In addition to business growth in Japan on the back of an expanding product lineup, and the completion of the Shiga Plant, Santen entered the European market and emphasized aggressive business development to contribute to patients around the world.



2000s

Expanding solutions and building a business foundation in Asia

Santen focused on meeting the needs of more people by providing a wide range of treatment options including intraocular lenses and supplements in addition to ophthalmic solutions for eye diseases. At the same time, the Company worked to build a business foundation in Asia, which included building a direct sales network in China as well as completing the Suzhou Plant, and establishing Group company in South Korea.



Transformation (2010-)

2010s

Rapidly accelerating globalization to contribute to eye health worldwide

Aiming to become a specialized pharmaceutical company with a global presence as its long-term vision up to 2020, Santen rapidly accelerated its globalization, centered on China, Asia and EMEA. In 2015, Santen sold its anti-rheumatic pharmaceuticals business to AYUMI Pharmaceutical Corporation to specialize in ophthalmology and concentrate its management resources in the field.



2020s

Aspiring to Become A Social Innovator to deliver happiness through vision

Aiming to resolve eye-related social issues, the Company announced Santen 2030, a long-term vision toward 2030 and beyond. To realize "The Happiest Life for every individual through the Best Vision Experience," Santen continues to take on challenges worldwide to provide products and services with true value by bringing together knowhow and expertise through partnerships with external organizations, M&A and other approaches.



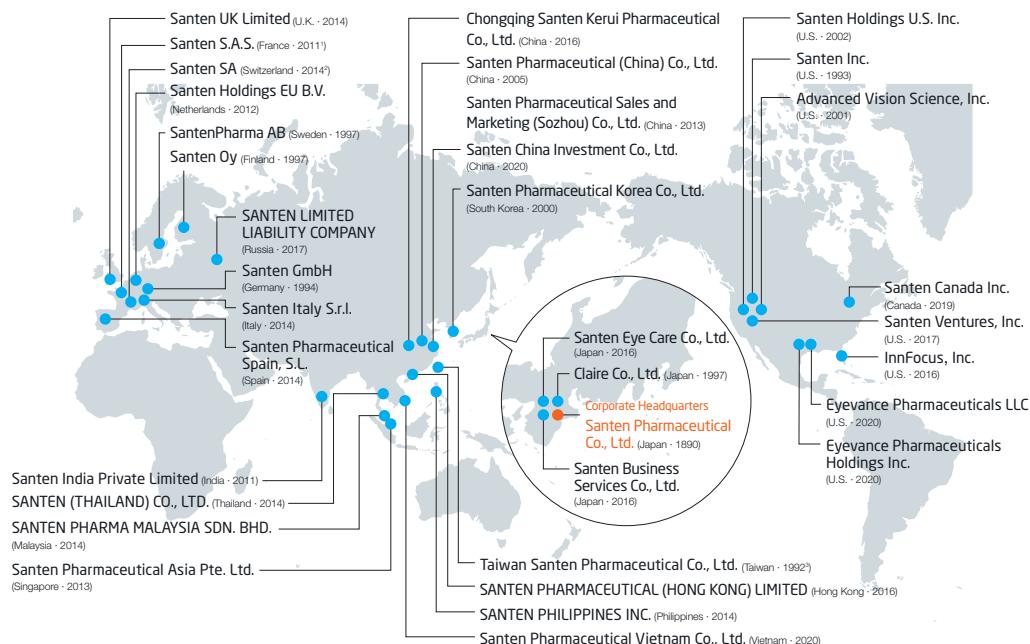
131-Year History

A Brief History of Santen's Product Innovation (Major products based on year of launch)



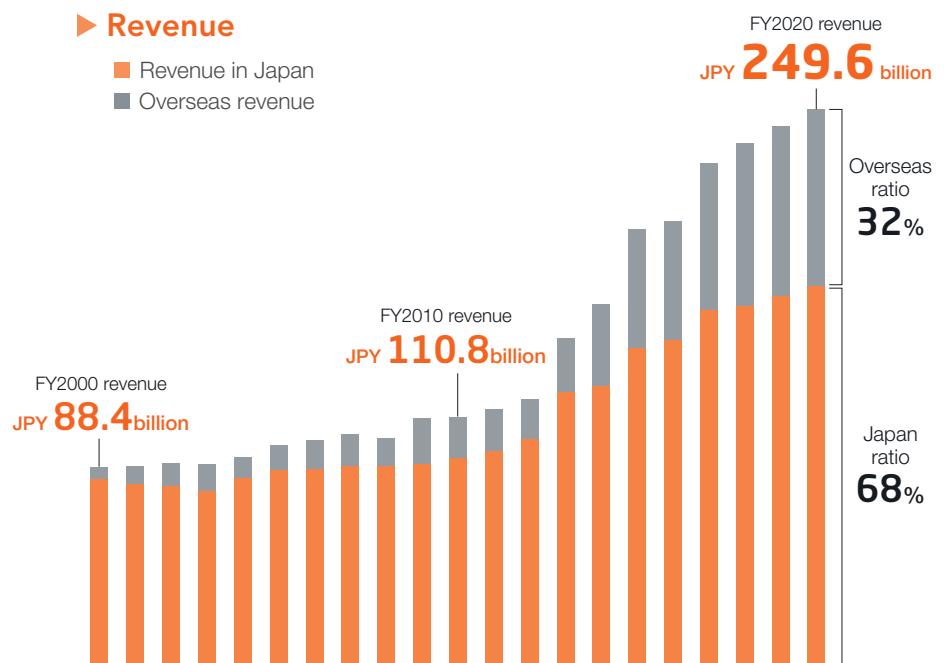
► Group Companies

Country/Region and year of establishment indicated in parentheses



► Revenue

- Revenue in Japan
- Overseas revenue



¹ Established as Novagali Pharma S.A.

² Established as Santen Switzerland SA

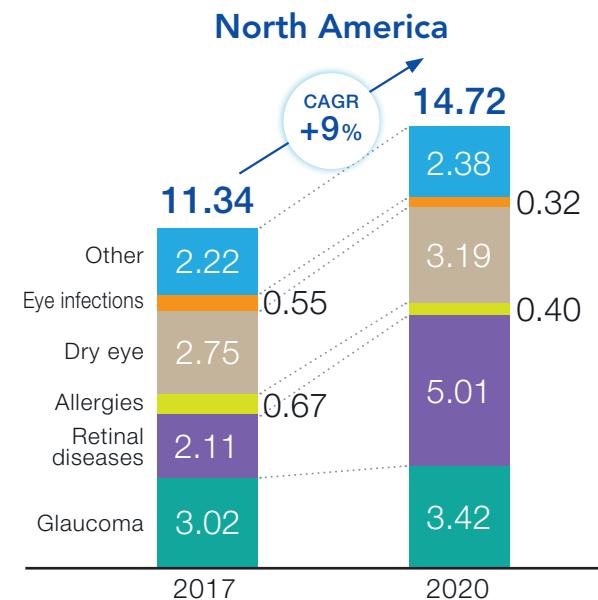
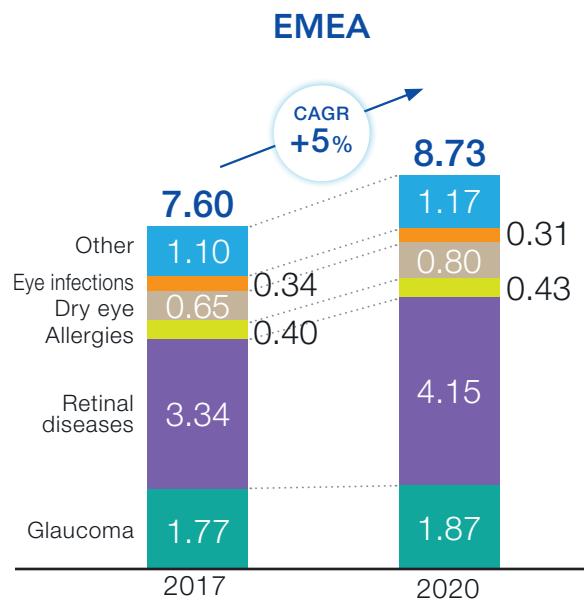
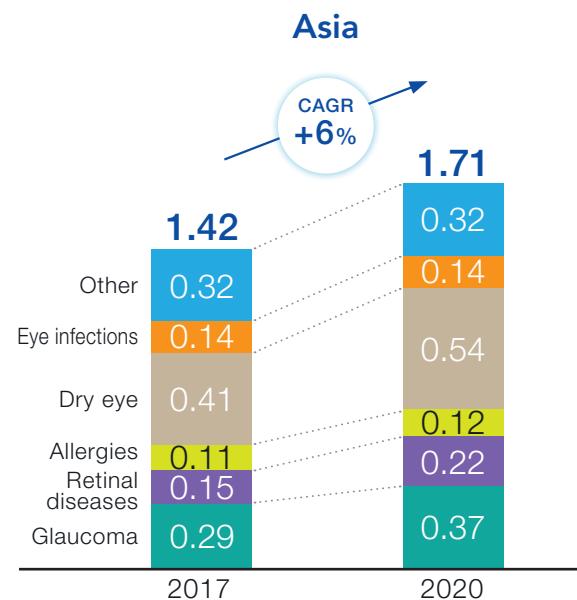
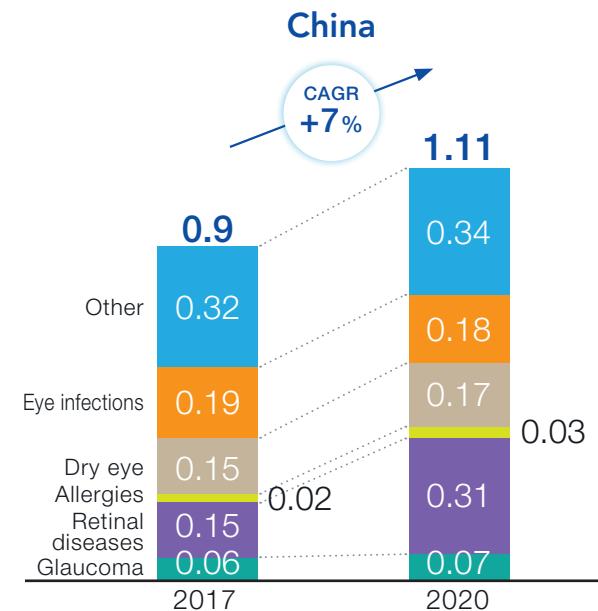
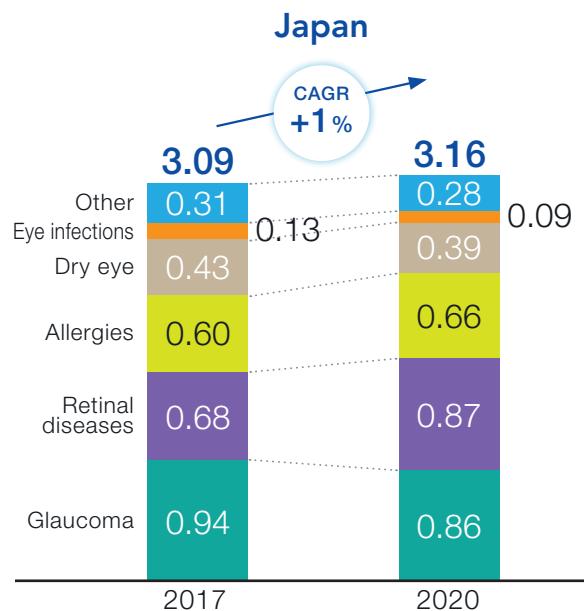
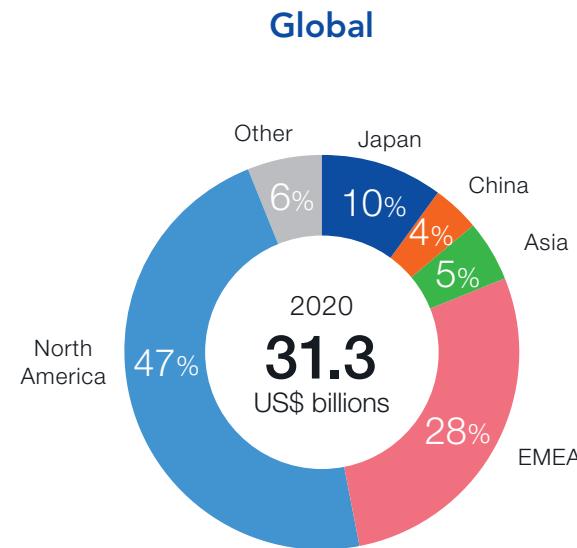
³ Established as TAHMIN SANTEN CO., LTD.

Glossary

Category	Term	Definition	Related Pages
Medical/ Pharmaceutical	Key opinion leader (KOL)	A physician or other specialist with influence on treatment in practice and the industry.	25, 26, other
	Lifecycle management (LCM)	Increasing product value over the long term through the use of formulation or other technologies to adapt a single compound to therapeutic needs. This may involve changing the application, dosage or dosage form, combining the compound with other compounds or other methods.	13, 19, other
	Modalities	In the field of pharmaceuticals, a therapeutic method or agent such as a small-molecule compound, peptide (middle-molecule) drug, protein drug including antibody drugs, nucleic acid drug, cellular medicine and regenerative medicine.	18, 30, other
	National Health Insurance (NHI) drug price revisions (Japan)	Revisions to the official list of drug reimbursement prices for prescription pharmaceuticals.	11, 24, other
	Open Innovation	Creating new products and services by combining technologies and know-how from other industries and fields, including other companies and universities, rather than by one company alone.	29
	Quality of Life (QOL)	The degree to which an individual can healthily and comfortably participate in and enjoy life.	15, 24, other
	Rx	Prescription pharmaceuticals	16, 18
Ophthalmology	Age-related macular degeneration	A disease in which the macula, which is a tissue that plays an important role in vision, is damaged as the patient ages, causing deterioration of eyesight.	5
	Glaucoma	A disease in which the optic nerve, which transmits information coming from the eyes to the brain, is damaged and the visual field narrows.	2, 5, other
	Ocular surface disease	Diseases in which keratitis or conjunctivitis occurs in the area in front of the lens. Examples include dry eye, allergic conjunctivitis, eye infections and cataracts.	12
	Ptosis	Low-lying upper eyelids of one or both eyes, usually caused by partial or complete dysfunction of the muscles that lift the upper eyelid, resulting in possible narrowing of the patient's field of vision and reduced quality of life due to its effect on appearance.	5, 7, other
	Retinitis pigmentosa	A disease in which a genetic mutation causes extensive degeneration of retinal photoreceptor cells and pigment epithelial cells. Characteristic symptoms are night blindness, loss of peripheral vision and decreased visual acuity. It typically develops in the second decade of life and often leads to blindness in middle or old age.	12, 29, other
	Uveitis	Infectious or non-infectious inflammation inside the eye, classified by the site of occurrence. There are several classifications of non-infectious posterior uveitis. Intermediate uveitis occurs in the ciliary body or vitreous; posterior uveitis, occurs in the vitreous, choroid, retina or optic nerve; panuveitis spreads throughout the anterior, intermediate and posterior areas.	29, 32
Santen	Become A Social Innovator; Social Innovator	What Santen wants to become as set forth in Santen 2030, its long-term vision. We aim to orchestrate and mobilize key technologies and players around the world, to deliver happiness through vision.	6, 7, other
	People Centricity	The core of our values. We always put people at the center of every aspect of our activity towards happy lives through vision.	60
Other terms	Blind football	Five-a-side football in which team members with visual impairments communicate by voice and the sound of the ball. The sport involves people with and without disabilities playing together as the goalkeeper is a sighted person.	79
	National Reimbursement Drug List (NRDL) (China)	A list of drugs covered by reimbursement from Chinese public health insurance.	25
	Volume-Based Purchasing (VBP)	A tender-based purchasing system for national and public hospitals in China, in which the government guarantees the volume to be purchased from the winner of a given tender.	11, 25, other

(US\$ billions)

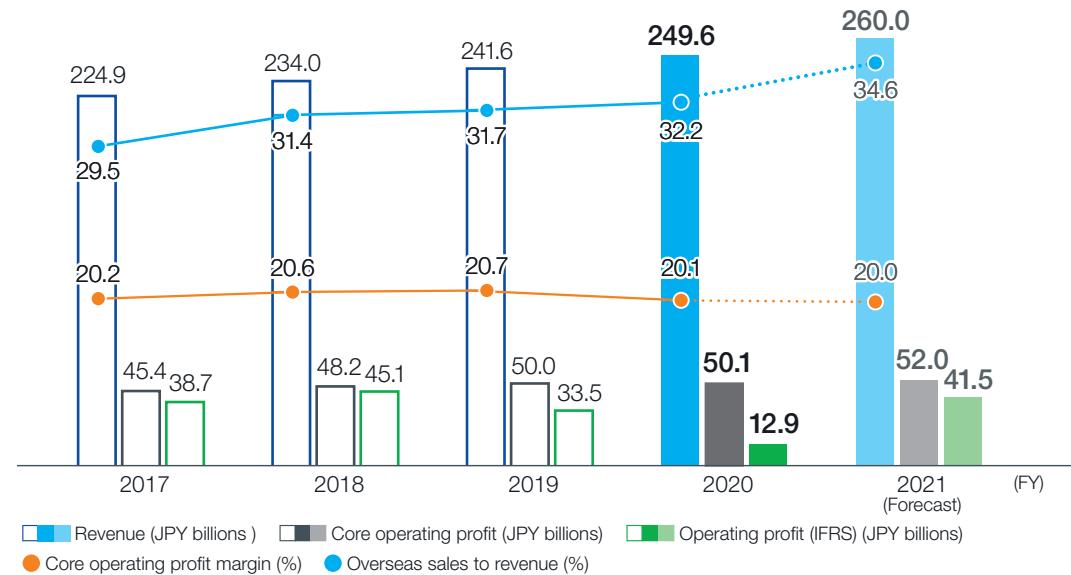
Ophthalmology Market Data



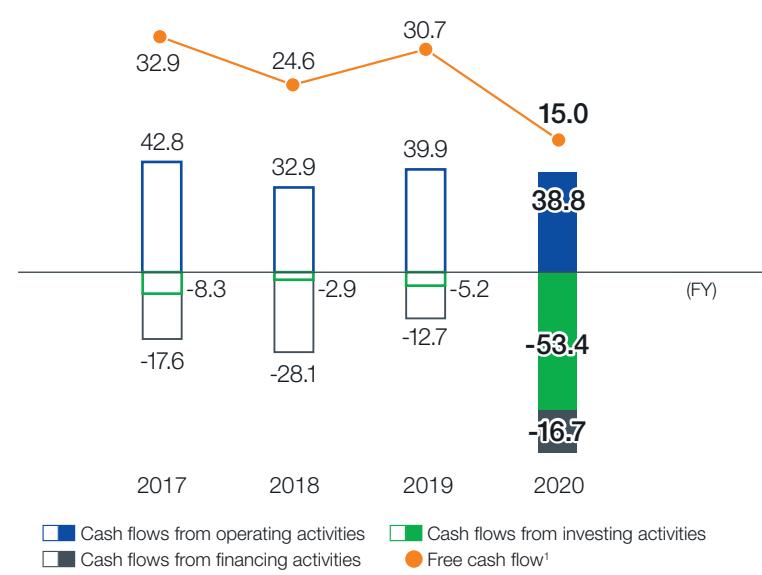
Financial and Non-Financial Highlights

Financial Highlights

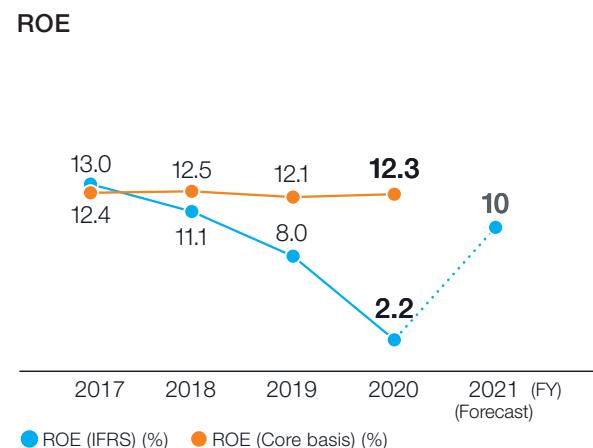
Revenue, Core Operating Profit, Core Operating Profit Margin, and Overseas Sales to Revenue



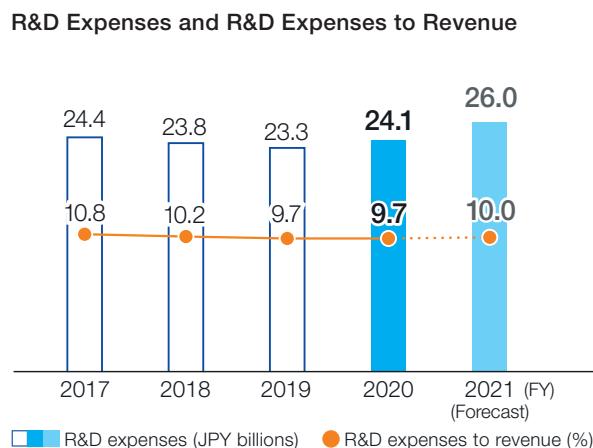
Cash Flows
(JPY billions)



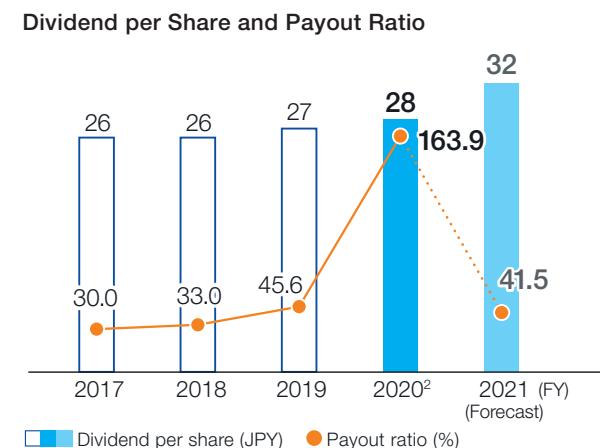
ROE



R&D Expenses and R&D Expenses to Revenue



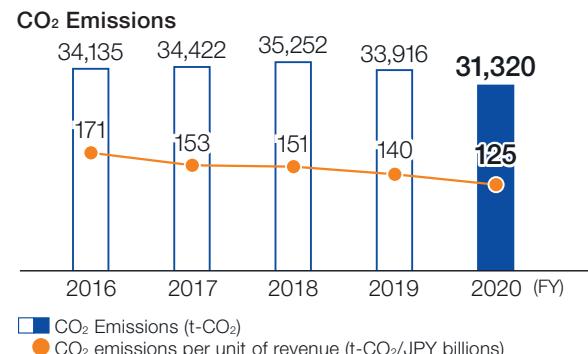
Dividend per Share and Payout Ratio



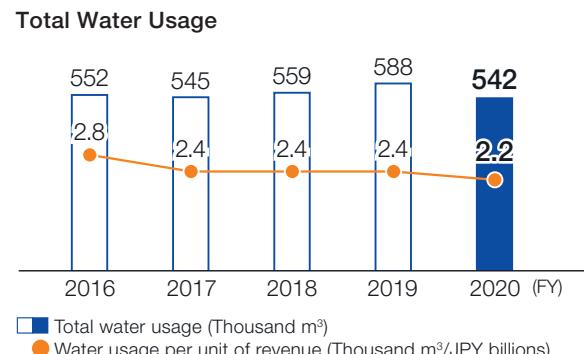
² Dividend payout ratio was 163.9% mainly due to the effects of impairment losses on intangible assets, etc. relating to InnFocus, Inc. (U.S.)

Financial and Non-Financial Highlights

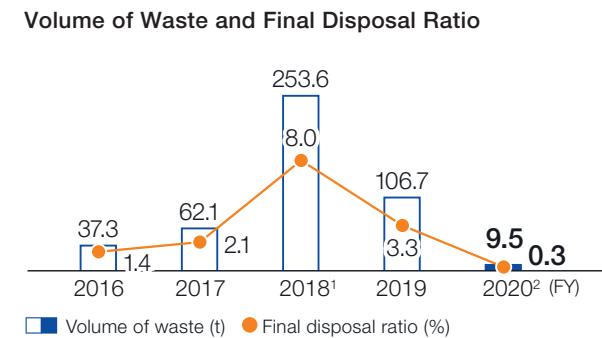
Non-Financial Highlights



Scope of aggregation: All operational bases in Japan, Tampere Plant, and Suzhou Plant
Business transfer of Tampere Plant (Finland) to Next Pharma GmbH was completed on September 30, 2019.



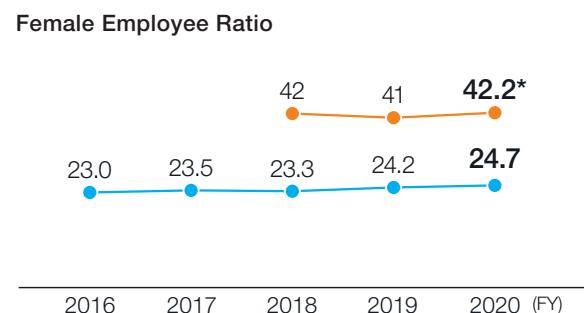
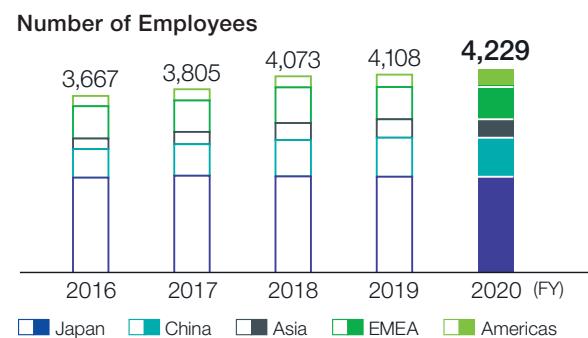
Scope of aggregation: Shiga Product Supply Center, Noto Plant, Nara Research and Development Center, Shimoshinjo Office, Tampere Plant, and Suzhou Plant



Scope of aggregation: Shiga Product Supply Center, Noto Plant, Nara Research and Development Center, Shimoshinjo Office, Tampere Plant, and Suzhou Plant

¹ In FY2018, volume temporarily increased due to disposal of residual equipment, etc. associated with the sale of the former head office and the Osaka Plant.

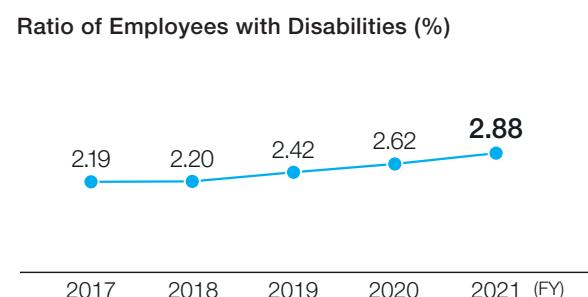
² From FY2020, following review of waste disposal at the waste disposal contractor, the calculation methodology at the Suzhou Plant was revised.



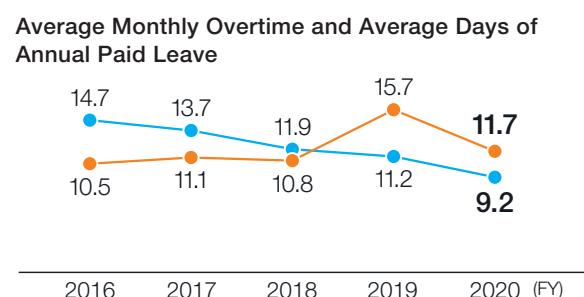
From FY2020, calculation methodology for consolidated female employee ratio was revised.



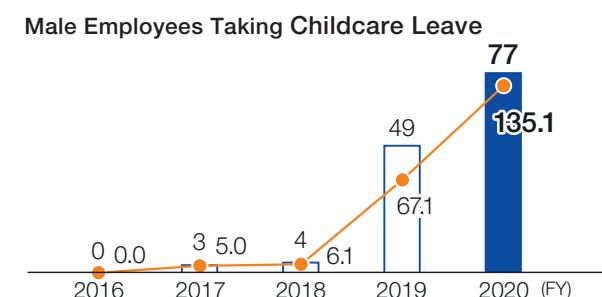
From FY2020, calculation methodology for consolidated female manager ratio was revised.



* Sanofi Pharmaceutical Co., Ltd. and consolidated subsidiaries in Japan (as of June of each year)



Average days of annual paid leave (Sanofi Group in Japan) (Days)
Average monthly overtime hours (Sanofi Group in Japan) (Hours/employee/month)



Male employees taking childcare leave (Sanofi Group in Japan) (Employees)
Ratio of male employees taking childcare leave (Sanofi Group in Japan) (%)

MD&A

Summary of Consolidated Results in FY2020

Revenue, Operating Profit and Net Profit

Revenue in the fiscal year ended March 31, 2021 increased by 3.3% year-on-year to JPY 249.6 billion. In the mainstay prescription pharmaceuticals business, sales showed steady growth, rising to JPY 234.7 billion, up 4.5% year-on-year despite the impact of the COVID-19 outbreak, with continued growth in Japan, China and Asia.

Gross profit in the fiscal year ended March 31, 2021 increased by 3.2% year-on-year to JPY 151.4 billion. SG&A expenses increased by 5.2% and R&D expenses increased by 3.3% year-on-year. As a result, operating profit on a core basis in the fiscal year ended March 31, 2021 increased by 0.2% year-on-year to JPY 50.1 billion.

SG&A expenses on IFRS basis increased by 8.4% year-on-year. In addition to SG&A expenses on a core basis, expenses of JPY 2.4 billion were incurred including one-time expenses in connection with the acquisition and the integration of Eyevance Pharmaceuticals Inc. (U.S.) and the transition to a holding company structure and change in fiscal year. R&D expenses have not been adjusted from the core basis.

Other income amounted to JPY 16.0 billion. This was mainly due to a gain on reversal of change in fair value (value other than the time value) of the contingent consideration for InnFocus, Inc (U.S.), the developer of glaucoma device STN2000100 (DE-128, *PRESERFLO MicroShunt*), which had been recorded as a liability at the time of acquisition. The change is the result of reviewing the value of this asset based on the assumption that the approval date in the U.S. will be delayed.

Other expenses amounted to JPY 40.9 billion. This was mainly due to the recording of an impairment loss on intangible assets (goodwill and development, manufacturing and sales rights) related to InnFocus, Inc. (U.S.), as a result of reviewing the value of this asset based on the assumption that the approval date in the U.S. will be delayed.

As a result, operating profit on IFRS basis in the fiscal year ended March 31, 2021 decreased by 61.5 % year-on-year to JPY 12.9 billion.

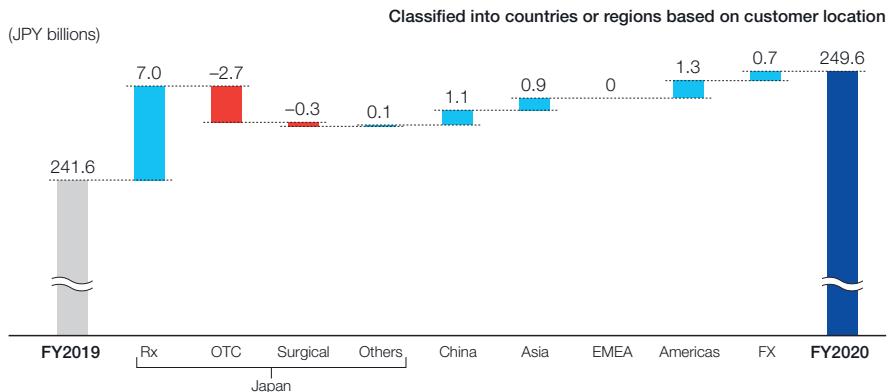
Finance income amounted to JPY 1.3 billion. This was mainly due to dividends received from investment securities held. Finance expenses amounted to JPY 1.5 billion. This was mainly due to a change in the time value associated with the fair value of the InnFocus, Inc.

(U.S.) contingent consideration.

Income tax expenses amounted to JPY 5.8 billion, down JPY 4.6 billion compared to previous year. This was mainly due to a decrease in tax expenses for the fiscal year under review associated with the increase of tax exemptions for study and research expenses and the reversal of deferred tax liabilities related to the impairment loss on development, manufacturing and sales rights, and the decrease in profit before tax for the year, as a function of the decrease in operating profit on IFRS basis. As a result, net profit in the year ended March 31, 2021 decreased by 69.4% year-on-year to JPY 6.6 billion.

Net profit attributable to owners of the company in the fiscal year ended March 31, 2021 decreased by 71.1% year-on-year to JPY 6.8 billion. The ratio to revenue was 2.7%.

Revenue by Region



Revenue in prescription pharmaceuticals at Japan business increased by 4.7% year-on-year to JPY 155.8 billion despite of the negative sales impact of NHI drug price revisions. Alesion LX, a high-dose formulation and long-lasting effectiveness, and EYLEA*, an intravitreal VEGF Inhibitor, boosted the sales ended March 31, 2021. The revenues of OTC pharmaceuticals and medical devices in the fiscal year ended March 31, 2021 decreased due to factors such as decreased inbound demand and the negative impact of COVID-19 respectively. As a result, the total revenue in Japan increased by 2.5% year-on-year to JPY 169.1 billion in fiscal year 2020.

MD&A

Revenue at China business in the fiscal year ended March 31, 2021 increased 4.6% year-on-year (+4.8% excluding FX impact), to JPY 23.3 billion. Cravit ophthalmic solution revenue was impacted by the start of volume-based purchasing from the fiscal year under review. However, the Company has focused further on expanding other market channels such as private hospitals and pharmacies.

Revenue at Asia business in the fiscal year ended March 31, 2021 increased 4.4% year-on-year (+5.2% excluding FX impact), to JPY 17.2 billion.

Revenue at EMEA business in the fiscal year ended March 31, 2021 increased 2.5% year-on-year (+0.1% excluding FX impact), to JPY 37.9 billion.

Revenue at Americas business in the fiscal year ended March 31, 2021 was JPY 2.0 billion. Revenue from Eyevance Pharmaceuticals Holdings Inc. (U.S.) which Santen acquired in the second quarter of the fiscal year was JPY 1.0 billion.

* Co-promoted product of Bayer Yakuhin, Ltd. (MAH)

Financial Position

Total assets amounted to JPY 402.4 billion, down JPY 6.4 billion from the end of the previous year. Despite increases in intangible assets mainly associated with the acquisition of Eyevance Pharmaceuticals Holdings Inc. (U.S.), and accounts receivable and other receivables, there was a decrease in intangible assets in connection with impairment losses on intangible assets (goodwill and development, manufacturing and sales rights) related to InnFocus, Inc. (U.S.), the developer of glaucoma device, STN2000100 (DE-128, *PRESERFLO MicroShunt*) on the assumption that the approval date in the U.S. will be delayed as well as a decrease in cash and cash equivalents. Equity amounted to JPY 307.1 billion. There was an increase of JPY 4.5 billion from the end of the previous fiscal year ended March 31, 2020. This was due to an increase in components of equity despite the decrease in retained earnings. Liabilities amounted to JPY 95.3 billion, falling by JPY 10.9 billion from the end of the previous fiscal year ended March 31, 2020. This was due to the decrease in financial liabilities resulting from changes in the fair value of contingent consideration and payment associated with the InnFocus, Inc. (U.S.) acquisition despite an increase in accounts payable and other payables. As a result, the ratio of equity attributable to owners of the com-

pany to total assets increased by 2.3 points from the end of the previous fiscal year ended March 31, 2020 to 76.4%.

Capital Expenditures and Cash Flows

Capital expenditures in the fiscal year ended March 31, 2021 amounted to JPY 11.3 billion. With the aim of addressing expanding demand and reinforcing the production and supply structure, Santen has added a prescription ophthalmic solution manufacturing building on the site of its Shiga Product Supply Center. The company also commenced investment in a new factory for Santen Pharmaceutical (China) Co., Ltd. The swift move adds production capacity to proactively cater to anticipated market growth, thereby establishing Santen's competitive edge globally for even greater business growth. In addition, Santen will continue to invest in next generation ERP, with the aim of enhancing administrative standardization and production efficiency to support global business expansion.

Cash flows from operating activities amounted to JPY 38.8 billion. (JPY 39.9 billion in the previous fiscal year ended March 31, 2020). This was mainly due to the net profit of JPY 6.6 billion, the impairment loss on intangible assets mainly related to InnFocus, Inc. (U.S.) of JPY 40.7 billion, the JPY 17.3 billion decrease in long-term payables in connection with changes in the fair value of contingent consideration and payments associated with the InnFocus, Inc. (U.S.) acquisition, depreciation and amortization of JPY 16.8 billion, income tax paid of JPY 12.8 billion and the increase in accounts receivables and other receivables of JPY 7.5 billion.

Cash flows from investing activities amounted to JPY 53.4 billion. (JPY 5.2 billion in the previous fiscal year ended March 31, 2020). This was mainly due to the purchase of shares of subsidiaries associated with the acquisition of Eyevance Pharmaceuticals Holdings Inc. (U.S.) amounting to JPY 23.8 billion and the purchase of intangible assets amounting to JPY 19.7 billion, associated with licensing contracts with jCyte, Inc. (U.S.) of JPY 5.5 billion, Aerie Pharmaceuticals, Ireland Ltd. (Ireland) of JPY 5.2 billion and others.

Cash flows from financing activities amounted to JPY 16.7 billion (JPY 12.7 billion in the previous fiscal year ended March 31, 2020). This was mainly due to cash dividends paid of JPY 11.2 billion.

MD&A

As a result, cash and cash equivalents at the end of the fiscal year ended March 31, 2021 decreased by JPY 28.5 billion from the end of the previous fiscal year ended March 31, 2020 to JPY 62.9 billion.

Basic Policy on Profit Distribution

Santen regards returning profits to shareholders as a top management priority. Our basic policy is to return profits to shareholders primarily through dividends, based on a comprehensive consideration of the medium-to-long-term business environment, funding needs, the level of internal reserves and the capital structure. We consider share repurchases as a supplementary means of returning profits to shareholders.

Regarding internal reserves, we will invest resources in R&D, business development, and capital investment for future growth. Flexibly return surplus funds through share buybacks.

Santen increased cash dividends per share for fiscal 2020 by JPY 1.00 from the previous fiscal year to JPY 28.00, for a dividend payout ratio of 163.9% due to impairment losses on related to InnFocus, Inc. (U.S.).

The Company plans to pay an annual dividend of JPY 32, increasing cash dividends per share for fiscal 2021 by JPY 4 from the previous fiscal year, for a dividend payout ratio of 41.5%.

Outlook for Fiscal 2021

In the first year of the medium-term plan MTP2020, Santen forecasts to increase to JPY 260.0 billion, or up 4.2% from the previous fiscal year ended March 31, 2021. While the NHI drug price revisions will have an impact, the Company expects to maintain steady growth in its domestic business. For the overseas business, in addition to growth in China, Asia and EMEA, the Company will focus on entering the U.S. market in earnest, leveraging the commercial base of Eyevance Pharmaceuticals Holdings Inc. (U.S.) which Santen acquired in September 2020. Core operating profit, which reflects the Company's recurring profitability, is forecast to be JPY 52.0 billion, an increase of 3.8% from the previous fiscal year. The company aim to secure sustainable profit growth by maintaining a balance between allocating resources for future growth while stepping up measures to limit ordinary expenses through continuous

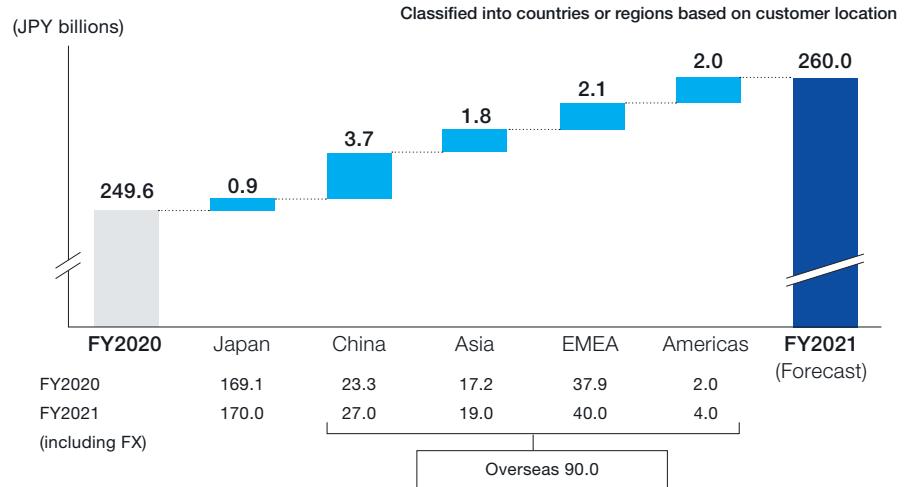
disciplined expense control.

Operating profit on IFRS basis is forecast to increase to JPY 41.5 billion, up 221.3% from the previous fiscal year. This is mainly due to the absence of one-time profit and expenses in the fiscal year ending March 31, 2022: a gain on reversal of change in fair value of the InnFocus, Inc. (U.S.) contingent consideration of JPY 15.2 billion and the recording of an impairment loss on intangible assets (goodwill and development, manufacturing and sales rights) of JPY 40.3 billion. Net profit for the year is forecast to increase to JPY 30.5 billion, up 359.0% from the previous fiscal year ended March 31, 2021. This is mainly due to the increase in operating profit, the tax burden rate is expected to be lower for the fiscal year ending March 31, 2022 on the expected absence of one-time profit and expenses incurred in the fiscal year ended March 31, 2021, related to InnFocus Inc. (U.S.)

These forecasts are based on foreign exchange rates of US\$ 1 = JPY 105, EUR 1 = JPY 125 and CNY 1 = JPY 16.5.

Forecasts above are based on the currently available information. Actual results may differ materially depending on a number of factors including adverse economic conditions and others.

FY2021 Revenue Forecast by Region (YoY)



Eleven-Year Summary of Selected Financial Data

	JPY millions										
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
	JGAAP	JGAAP	JGAAP	IFRS							
For the year:											
Net sales/Revenue	110,812	114,416	119,066	146,260	161,831	195,291	199,096	224,942	234,026	241,555	249,605
Cost of sales	34,437	35,385	41,501	57,353	56,373	72,829	74,966	86,378	90,764	94,831	98,221
Selling, general and administrative expenses ¹	32,415	35,073	36,164	41,642	48,893	59,406	62,193	68,788	71,273	73,360	79,554
Research and development expenses	13,221	17,225	16,719	16,862	17,477	19,990	22,786	24,398	23,759	23,341	21,112
Operating profit	30,739	26,733	24,681	29,878	35,374	80,180	32,479	38,691	45,098	33,535	12,917
Core operating profit	—	—	—	30,403	39,088	43,067	39,687	45,378	48,230	50,023	50,101
Income taxes/Income tax expenses	9,741	10,630	9,070	10,643	11,831	26,097	8,331	4,000	11,174	10,377	5,773
Net income/Net profit for the year	21,333	17,160	16,520	19,718	24,032	53,373	21,724	35,261	31,943	21,714	6,645
Core net profit for the year	—	—	—	19,813	25,948	29,163	29,125	33,458	36,092	35,894	37,549
Capital expenditures/Payments for acquisition of property, plant and equipment, and intangible assets	1,651	3,281	3,609	5,879	66,440	9,092	9,500	9,937	8,332	9,228	23,804
Depreciation and amortization	2,976	2,949	3,291	2,841	6,958	9,338	9,882	10,896	10,969	16,573	16,768
At year-end:											
Total assets	184,801	198,801	199,640	237,640	304,200	355,399	358,906	388,463	391,186	408,768	402,353
Net assets/Total equity	156,404	164,861	165,132	187,210	211,779	260,009	255,929	287,557	292,572	302,560	307,050
Liabilities	28,397	33,940	34,507	50,430	92,421	95,391	102,977	100,905	98,614	106,208	95,303
Per share data (JPY):											
EPS (Net income / Basic earnings) ²	249.71	196.96	195.81	47.78	58.18	128.99	52.96	86.73	78.67	59.16	17.09
Core EPS ²	—	—	—	48.01	62.82	70.48	70.99	82.29	88.89	90.00	94.09
Equity/Equity attributable to owners of the company ^{2,3}	1,793.15	1,887.81	1,998.44	452.43	511.14	627.78	628.09	702.54	728.97	758.50	769.67
Cash dividends, applicable to the period ²	18.00	20.00	20.00	20.00	22.00	25.00	26.00	26.00	26.00	27.00	28.00

¹ Research and development expenses are excluded under JGAAP.

² The Company conducted a five-for-one share split of ordinary shares on the effective date of April 1, 2015. Per share data other than cash dividends applicable to the period for fiscal 2013 and the subsequent fiscal years are calculated under the assumption that the share split took effect at the beginning of fiscal 2013. Cash dividends applicable to the period have been retrospectively adjusted to reflect the impact of the share split.

³ Equity is calculated by deducting stock subscription rights from net assets under JGAAP.

Eleven-Year Summary of Selected Financial Data

	JPY millions										
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
	JGAAP	JGAAP	JGAAP	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Cash flows:											
Net cash flows from (used in) operating activities	17,768	21,483	9,942	26,686	25,386	22,525	10,843	42,843	32,894	39,947	38,808
Net cash flows from (used in) investing activities	(7,676)	(10,272)	(4,595)	(7,847)	(61,709)	37,052	(28,201)	(8,259)	(2,935)	(5,175)	(53,355)
Net cash flows from (used in) financing activities	(1,570)	(8,559)	(21,557)	(7,954)	28,960	(24,066)	(28,657)	(17,631)	(28,107)	(12,729)	(16,685)
Free cash flow ¹	16,118	18,203	6,334	20,807	(41,054)	13,433	1,342	32,906	24,562	30,719	15,004
Interest coverage ratio (times)	488.5	1,285.0	3,037.8	2,855.4	309.8	230.9	206.6	1,573.6	4,330.0	210.1	244.6
Financial data:											
ROE (Return (Net income) on equity/Return (Net profit for the year) on equity attributable to owners of the company) (%) ²	14.5	10.7	10.0	11.1	12.0	22.6	8.4	13.0	11.1	8.0	2.2
Core ROE (%)	—	—	—	11.2	13.0	12.4	11.3	12.4	12.5	12.1	12.3
ROA (Return (Net income/Net profit for the year) on total assets) (%)	12.1	8.9	8.3	8.9	8.9	16.2	6.1	9.4	8.2	5.4	1.6
Equity ratio/Equity attributable to owners of the company ratio (%) ²	84.5	82.8	82.6	78.8	69.6	73.2	71.1	73.6	74.4	74.1	76.4
Debt equity ratio (Interest-bearing debt to equity ratio/Interest-bearing debt to equity attributable to owners of the company ratio) (times) ²	0.0	0.0	0.0	0.0	0.2	0.1	0.1	0.0	0.0	0.0	0.0
PER (Price earnings ratio) (times)	13.3	17.9	22.7	19.2	30.1	13.1	30.4	19.8	21.0	31.4	89.1
Dividend payout ratio (%)	36.0	50.8	51.1	41.9	37.8	19.4	49.1	30.0	33.0	45.6	163.9
Issued shares at fiscal year-end (thousands, including treasury shares)	87,053	87,147	82,469	82,583	82,653	414,192	406,173	406,848	399,782	400,028	400,369
Number of employees	2,867	3,053	3,050	3,072	3,230	3,463	3,667	3,805	4,073	4,108	4,229

¹ Free cash flow = Net cash flows from operating activities minus capital payments for acquisition of property, plant and equipment, and intangible assets

² Equity is calculated by deducting stock subscription rights from net assets under JGAAP.

Financial Data

Main Financial Information

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Santen Pharmaceutical Co., Ltd. and Its Consolidated Subsidiaries

	JPY millions	
	FY2019	FY2020
Revenue	241,555	249,605
Cost of sales	(94,831)	(98,221)
Gross profit	146,724	151,384
Selling, general and administrative expenses	(73,360)	(79,554)
Research and development expenses	(23,341)	(24,112)
Amortization of intangible assets associated with products	(9,898)	(9,920)
Other income	390	16,007
Other expenses	(6,980)	(40,889)
Operating profit	33,535	12,917
Finance income	950	1,346
Finance expenses	(2,393)	(1,488)
Share of loss of investments accounted for using equity method	—	(358)
Profit before tax	32,091	12,418
Income tax expenses	(10,377)	(5,773)
Net profit for the year	21,714	6,645
Other comprehensive income for the year		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit plans	(253)	1,573
Net gain or loss on financial assets measured at fair value through other comprehensive income	2,696	45
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustments	(3,972)	7,116
Other comprehensive income	(1,529)	8,734
Total comprehensive income for the year	20,185	15,379
Profit attributable to		
Owners of the company	23,618	6,830
Non-controlling interests	(1,904)	(185)
Net profit for the year	21,714	6,645
Total comprehensive income attributable to		
Owners of the company	22,162	15,609
Non-controlling interests	(1,977)	(230)
Total comprehensive income for the year	20,185	15,379
Earnings per share (JPY)		
Basic earnings per share	59.16	17.09
Diluted earnings per share	59.01	17.06

Financial Data

Main Financial Information

Consolidated Statement of Financial Position

Santen Pharmaceutical Co., Ltd. and Its Consolidated Subsidiaries (As of March 31)

	JPY millions	
	FY2019	FY2020
Assets		
Non-current assets		
Property, plant and equipment	35,601	39,489
Intangible assets	119,850	112,876
Financial assets	30,848	31,903
Retirement benefit asset	—	1,619
Investments to which equity method has been applied	—	5,162
Deferred tax assets	2,100	2,824
Other non-current assets	1,813	2,249
Total non-current assets	190,212	196,122
Current assets		
Inventories	35,282	41,575
Trade and other receivables	86,999	95,992
Other financial assets	452	527
Other current assets	4,392	5,248
Cash and cash equivalents	91,430	62,888
Total current assets	218,556	206,231
Total assets	408,768	402,353
Equity		
Equity attributable to owners of the company		
Share capital	8,366	8,525
Capital surplus	8,746	8,954
Treasury shares	(1,033)	(934)
Retained earnings	273,422	270,757
Other components of equity	13,364	20,283
Total equity attributable to owners of the company	302,865	307,585
Non-controlling interests	(305)	(535)
Total equity	302,560	307,050
Liabilities		
Non-current liabilities		
Financial liabilities	27,592	10,141
Net defined benefit liabilities	1,738	1,210
Provisions	570	600
Deferred tax liabilities	7,228	3,290
Other non-current liabilities	1,483	1,514
Total non-current liabilities	38,611	16,754
Current liabilities		
Trade and other payables	32,578	38,106
Other financial liabilities	18,777	23,739
Income tax payable	6,848	5,458
Provisions	633	819
Other current liabilities	8,761	10,428
Total current liabilities	67,597	78,549
Total liabilities	106,208	95,303
Total equity and liabilities	408,768	402,353

Financial Data

Main Financial Information

Consolidated Statement of Changes in Equity

Santen Pharmaceutical Co., Ltd. and Its Consolidated Subsidiaries (Fiscal 2019)

	JPY millions						JPY millions						
	Other components of equity						Other components of equity						
	Share capital	Capital surplus	Treasury shares	Retained earnings	Remeasurements of defined benefit plans	Net gain or loss on financial assets measured at fair value through other comprehensive income	Foreign currency translation adjustments	Subscription rights to shares	Total	Total equity attributable to owners of the company	Non-controlling interests		
Balance at April 1, 2019	8,252	8,661	(1,131)	258,659	—	10,230	Balance at April 1, 2019	5,428	802	16,461	290,900	1,672	292,572
Comprehensive income													
Net profit for the year				23,618			Net profit for the year		—	23,618	(1,904)	21,714	
Other comprehensive income					(253)	2,696	Other comprehensive income	(3,899)		(1,457)	(1,457)	(73) (1,529)	
Total comprehensive income for the year	—	—	—	23,618	(253)	2,696	Total comprehensive income for the year	(3,899)	—	(1,457)	22,162	(1,977) 20,185	
Transactions with owners													
Issuance of new shares	114	114					Issuance of new shares	(117)	(117)	112		112	
Acquisition of treasury shares			(22)				Acquisition of treasury shares		—	(22)		(22)	
Retirement of treasury shares		(85)	121				Retirement of treasury shares		—	35		35	
Dividends				(10,379)			Dividends		—	(10,379)		(10,379)	
Share-based payments		56					Share-based payments		—	56		56	
Other				1,523	253	(1,776)	Other		(1,523)	—		—	
Total transactions with owners	114	85	99	(8,856)	253	(1,776)	Total transactions with owners	—	(117)	(1,640)	(10,198)	— (10,198)	
Balance at March 31, 2020	8,366	8,746	(1,033)	273,422	—	11,150	Balance at March 31, 2020	1,529	686	13,364	302,865	(305) 302,560	

Financial Data

Main Financial Information

Consolidated Statement of Changes in Equity

Santen Pharmaceutical Co., Ltd. and Its Consolidated Subsidiaries (Fiscal 2020)

	JPY millions						JPY millions						
	Share capital	Capital surplus	Treasury shares	Retained earnings	Remeasurements of defined benefit plans	Net gain or loss on financial assets measured at fair value through other comprehensive income	Other components of equity	Foreign currency translation adjustments	Subscription rights to shares	Total	Total equity attributable to owners of the company	Non-controlling interests	Total equity
Balance at April 1, 2020	8,366	8,746	(1,033)	273,422	—	11,150	Balance at April 1, 2020	1,529	686	13,364	302,865	(305)	302,560
Comprehensive income					6,830		Comprehensive income						
Net profit for the year					6,830		Net profit for the year		—	6,830	(185)	6,645	
Other comprehensive income					1,573	45	Other comprehensive income	7,161		8,778	8,778	(45)	8,734
Total comprehensive income for the year	—	—	—	6,830	1,573	45	Total comprehensive income for the year	7,161	—	8,778	15,609	(230)	15,379
Transactions with owners							Transactions with owners						
Issuance of new shares	160	160					Issuance of new shares		(167)	(167)	152		152
Acquisition of treasury shares				(4)			Acquisition of treasury shares		—	(4)		(4)	
Retirement of treasury shares		(20)	102				Retirement of treasury shares		—	82		82	
Dividends				(11,187)			Dividends		—	(11,187)		(11,187)	
Share-based payments		68					Share-based payments		—	68		68	
Other				1,692	(1,573)	(119)	Other		(1,692)	—	—	—	
Total transactions with owners	160	208	98	(9,495)	(1,573)	(119)	Total transactions with owners	—	(167)	(1,859)	(10,888)	—	(10,888)
Balance at March 31, 2021	8,525	8,954	(934)	270,757	—	11,075	Balance at March 31, 2021	8,689	518	20,283	307,585	(535)	307,050

Main Financial Information

Consolidated Statement of Cash Flows

Santen Pharmaceutical Co., Ltd. and Its Consolidated Subsidiaries

	JPY millions	
	FY2019	FY2020
Cash flows from operating activities		
Net profit for the year	21,714	6,645
Depreciation and amortization	16,573	16,768
Impairment losses	5,825	40,664
Shares of loss (profit) of entities accounted for using equity method	—	358
Finance expenses (income)	(592)	(609)
Income tax expenses	10,377	5,773
Decrease (increase) in trade and other receivables	(3,054)	(7,514)
Decrease (increase) in inventories	(981)	(4,590)
Increase (decrease) in trade and other payables	717	4,948
Increase (decrease) in provisions and net defined benefit liabilities	(1,242)	(176)
Increase (decrease) in accounts payable–other	1,305	3,199
Increase (decrease) in long-term accounts payable–other	1,279	(17,344)
Other	1,584	2,993
Subtotal	53,506	51,115
Interest received	200	195
Dividends received	581	490
Interest paid	(190)	(159)
Income tax paid	(14,149)	(12,834)
Net cash flows from (used in) operating activities	39,947	38,808
Cash flows from investing activities		
Payments for acquisition of investments	(398)	(3,384)
Proceeds from sale of investments	3,503	3,070
Payments for acquisition of shares of subsidiaries	—	(23,834)
Payments for acquisition of investments accounted for using equity method	—	(5,349)
Payments for acquisition of property, plant and equipment	(5,824)	(4,139)
Payments for acquisition of intangible assets	(3,404)	(19,665)
Other	949	(55)
Net cash flows from (used in) investing activities	(5,175)	(53,355)
Cash flows from financing activities		
Proceeds from long-term loans	1,477	307
Repayments of long-term loans	(500)	(3,000)
Dividends paid	(10,379)	(11,188)
Repayments of lease obligations	(2,859)	(2,952)
Other	(469)	148
Net cash flows from (used in) financing activities	(12,729)	(16,685)
Net increase (decrease) in cash and cash equivalents	22,044	(31,232)
Cash and cash equivalents at the beginning of year	70,796	91,430
Effect of exchange rate changes on cash and cash equivalents	(1,410)	2,690
Cash and cash equivalents at the end of period	91,430	62,888

Press Releases

(From April 1, 2020 to May 31, 2021)

2021

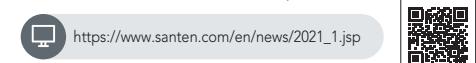
Business Development	May 19	New collaboration with Glaukos to develop and commercialize STN2000100 (DE-128) in the Americas, Australia and New Zealand
Sustainability	May 18	Establishment of "Santen Vision for the Earth 2050"
Sustainability	May 17	Joined the "30% Club Japan" to increase gender diversity Becoming a signatory of the "UN Women's Empowerment Principles"
Management	May 11	Postponement of transition to a holding company structure through sole-share transfer and change in Fiscal Year
Management	Apr. 22	Commenced the construction of new factory in Suzhou, China
Management	Apr. 9	Notice of recording of impairment loss and revision of Full-Year earnings forecasts
Management	Feb. 4	Commencement of preparation for transition to a holding company structure through sole-share transfer and change in Fiscal Year
Products	Feb. 2	U.S. FDA acceptance of new drug application for STN1011700 (DE-117) as a treatment for patients with glaucoma and ocular hypertension
Products	Feb. 1	Launch of glaucoma and ocular hypertension treatment <i>EYBELIS Ophthalmic Solution 0.002%</i> in South Korea
Sustainability	Jan. 7	Santen joins the Valuable 500 International Initiative promoting the active participation of people with disabilities

2020

Products	Nov. 5	Santen releases <i>LENTIS Comfort Toric</i> in Japan, a multifocal IOL covered under the Japanese health insurance program for cataract patients with astigmatism
Business Development	Oct. 28	Santen and Aerie conclude exclusive license agreement for <i>Rhopressa</i> and <i>Rocklatan</i> in Japan and several other Asian countries
Sustainability	Oct. 28	Santen, JBFA and IBF Foundation form a 10-Year, long-term partnership for an inclusive society
Management	Oct. 20	Establishment of holding company in China

Business Development	Oct. 8	Santen and Orbis International announce long-term partnership to tackle the increasing burden of eye diseases
Management	Sep. 17	Santen and U.S. ophthalmic company Eyevance enter into share purchase agreement
Sustainability	Sep. 10	Santen decides to offer special sponsorship for continued activities of men's and women's National Blind Football Teams
Sustainability	Aug. 11	Santen and International Blind Sports Federation forge partnership through blind sports
Business Development	Jul. 28	Santen and RVL Pharmaceuticals, Inc., an Osmotica Company, enter into an exclusive license agreement in Japan, Asia, and EMEA for RVL-1201, a treatment for acquired blepharoptosis
Products	Jul. 7	U.S. FDA acceptance of Premarket Approval (PMA) application for STN2000100 (DE-128) for review
Management	Jul. 7	Santen introduces its new corporate brand name notation and corporate slogan aiming to grow on a globally, going beyond the pharmaceutical industry
Management	Jul. 7	Announcement of new vision aiming to resolve social issues related to the eye health of people around the world
Business Development	Jun. 30	Strategic alliance with Plano to tackle the global burden of myopia
Business Development	Jun. 18	Santen and Orbis International join forces to expand access to training for eye care professionals through telemedicine platform
Products	Jun. 5	Bayer Yakuhin and Santen launch <i>EYLEA Intravitreal Injection KIT 40mg/mL</i> , pre-filled syringe of intravitreal VEGF inhibitor <i>EYLEA</i>
Business Development	May 8	Santen and jCyte conclude an exclusive licensing contract in Japan, Asia and Europe for the jCell therapy program for retinitis pigmentosa
Sustainability	Apr. 28	Support for people with visual impairments facing the COVID-19 pandemic, together with the Japan Blind Football Association
Sustainability	Apr. 27	Santen introduces eco-friendly biomass plastic eydrop bottles

See the Santen website for all press releases.



https://www.santen.com/en/news/2021_1.jsp



Stock Information

(As of March 31, 2021)

Major Shareholders (Top 10)

Name / Company Name	Number of Shares Owned (1,000 shares)	Holding Ratio (%)
STATE STREET BANK AND TRUST COMPANY 505223	33,829	8.4
Custody Bank of Japan, Ltd. (Trust account)	33,252	8.3
The Master Trust Bank of Japan, Ltd. (Trust account)	31,781	7.9
Nippon Life Insurance Company	10,662	2.7
MUFG Bank, Ltd.	10,605	2.6
Ono Pharmaceutical Co., Ltd.	8,790	2.2
Custody Bank of Japan, Ltd. (Trust account 7)	8,599	2.1
Custody Bank of Japan, Ltd. as trustee for Eisai Co., Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd.	6,863	1.7
RBC IST 15 PCT LENDING ACCOUNT - CLIENT ACCOUNT	6,654	1.7
STATE STREET BANK WEST CLIENT - TREATY 505234	6,303	1.6

Yearly High and Low Prices (JPY)

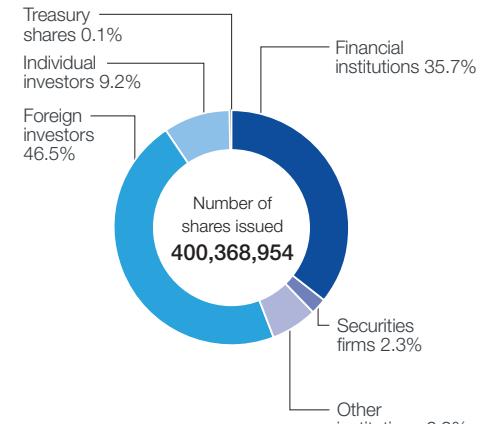
FY	2016	2017	2018	2019	2020
High	1,749	1,946	2,061	2,234	2,216
Low	1,251	1,463	1,450	1,408	1,370

Total Shareholders Return

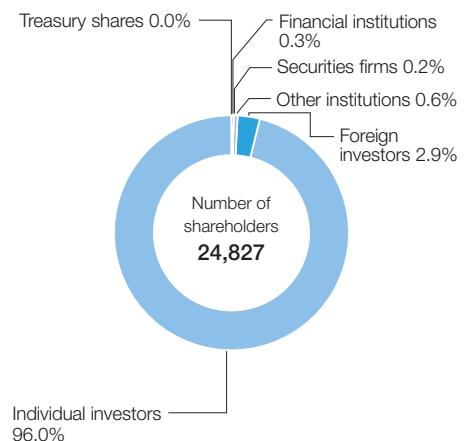
FY	2016	2017	2018	2019	2020
Total shareholders return (%)	96.8	104.4	102.0	115.9	97.8
Comparative index: TOPIX including dividends (%)	114.7	132.9	126.2	114.2	162.3

Composition of Shareholders

By number of shares

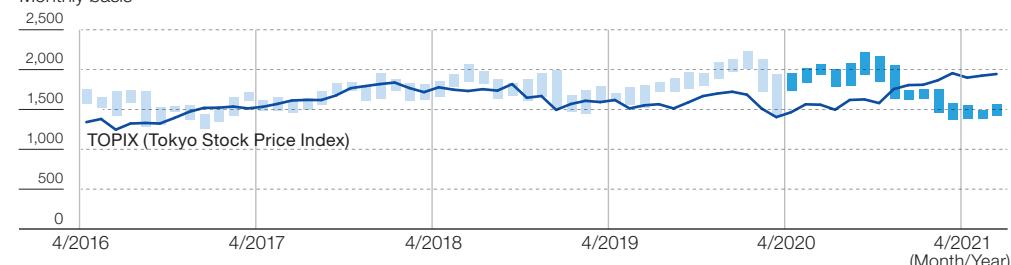


By number of shareholders



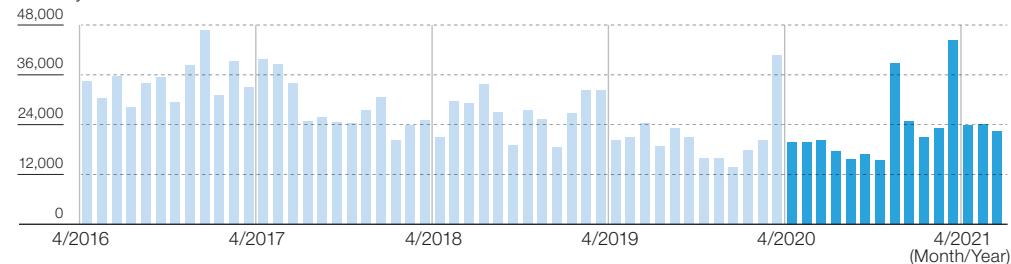
Stock Price Range (JPY)

Monthly basis



Trading Volume (Thousands of shares)

Monthly basis



Press Releases, Stock Information, Corporate Information

Corporate Information

(As of March 31, 2021)

Corporate Headquarters	Santen Pharmaceutical Co., Ltd. Grand Front Osaka Tower A, 4-20 Ofuka-cho, Kita-ku, Osaka 530-8552, Japan TEL: +81-6-7664-8621
Website	https://www.santen.com/en/
Established	1890
Paid-in Capital	JPY 8,525 million

Website

Please refer to Santen's website for more detailed information on each section of this report.

- Corporate Website
<https://www.santen.com/en/>



- IR Website
(subsection of corporate website)
<https://www.santen.com/en/ir/>



- Sustainability Website
(subsection of corporate website)
<https://www.santen.com/en/sustainability/>



Number of Employees	4,229 (consolidated)
Number of Shares Issued	400,368,954
Number of Shareholders	24,827
Stock Exchange Listing	Tokyo Stock Exchange
Ticker Code	4536
Shareholder Registry Administrator	Mitsubishi UFJ Trust and Banking Corporation
Transfer Agent	6-3, Fushimi-cho 3-chome, Chuo-ku, Osaka 541-8502, Japan

Inclusion in ESG Indexes

Index Name	Overview	Index Name	Overview
FTSE4Good Index Series	 FTSE4Good Index Series developed by FTSE Russell of the U.K. The index series selects companies based on evaluations of their initiatives in the areas of Environmental, Social and Governance (ESG) activities.	MSCI Japan Empowering Women Index (WIN)	An index developed by MSCI of the U.S. The index selects companies in various sectors that excel in gender diversity from among the top 700 Japanese stocks by market capitalization.
FTSE Blossom Japan Index	 FTSE Blossom Japan A broad index developed by FTSE Russell of the U.K. The index incorporates overall ESG considerations.	2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)	
MSCI Japan ESG Select Leaders Index	 2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX An index developed by MSCI of the U.S. The index selects companies based on high ESG ratings in their respective industries.	SOMPO Sustainability Index	 2021 SOMPO Sustainability Index An index composed of corporations that achieved above-standard ESG scores in corporate surveys conducted by Sompo Risk Management & Health Care Inc. (in terms of E: environmental assessments) and by Integrex Inc. (in terms of S and G: social and corporate governance assessments).
		S&P/JPX Carbon Efficient Index	 An index developed by S&P Dow Jones Indices of the U.S. The index evaluates corporate performance in terms of disclosure of information carbon efficiency.

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirm that Santen Pharmaceutical has been independently assessed according to the FTSE4 Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirm that Santen Pharmaceutical has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Index Series. Created by the global index provider FTSE Russell, the FTSE Blossom Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

The inclusion of Santen Pharmaceutical in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Santen Pharmaceutical by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Editorial Note for *Santen Report 2021*



Satoshi Suzuki Senior Corporate Officer
Head of Corporate Development Division

Fiscal 2021 represents the kickoff year for MTP2025, Santen's medium-term plan up to fiscal 2025. It also represents our first step to becoming truly global—to steadily enhancing our core businesses while developing new businesses, focusing on the development and strengthening of our business platform by obtaining approval for our products in the United States. In addition, in light of advancing healthcare system reforms in China, which is witnessing fast growth, it will be crucial for us to sustain our growth track record by transforming our business model and operations so that we can consistently address shifting customer needs according to an ever-changing environment.

This integrated report introduces our basic strategies for medium-to-long-term growth, as well as concrete measures for their implementation by region, product creation and supply, and other initiatives.

Pertaining to ESG, we have enhanced our coverage on matters such as diversity as a specialty company in the field of ophthalmology, in addition to information on corporate governance including a roundtable discussion amongst our Outside Directors and a skill matrix. As part of efforts to address opinions received from our stakeholders, we have also disclosed specific KPIs as well as information from the

perspective of our Outside Directors and other external parties, and continued to focus on publishing a report that shows the true face of our employees.

The publication underwent an effective review process in which each respective department cooperated with the CEO and the rest of our management team, referring to various guidelines including *The International Integrated Reporting Framework* from the International Integrated Reporting Council and *Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation* from Japan's Ministry of Economy, Trade and Industry. I hereby declare that the process to prepare the integrated report has been appropriate and that its contents are accurate.

I hope this report facilitates readers' understanding of how we are working to realize sustainable growth while helping to resolve social issues toward the realization of our long-term vision "Santen 2030" and our WORLD VISION of "Happiness with Vision." Santen will step up external disclosure as it strives to contribute to society and increase corporate value through constructive dialogue with stakeholders. We continue to welcome your suggestions for further improvements to our integrated report's content.

Santen Report 2021 Production Members

(IR Group, Corporate Communications Group, CSR Group)

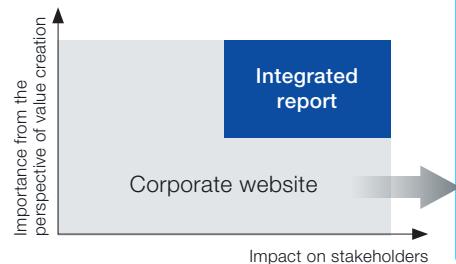
Project Office: K.Itagaki, K.Nishikawa, A.Tanaka, M.Hora
D.Kosugi, S.Akao, C.Oota, M.Imamura, S.Ee, M.Inoue, S.Kajiyama

Inquiries:

Investor Relations Group,
Corporate Development Division (ir@santen.com)

The Santen Report and Santen's Information Disclosure Framework

The *Santen Report* (this document) contains information based on materialities that we consider particularly useful to investors.



Detailed Information

- Information for Shareholders and Investors <https://www.santen.com/en/ir/>
- MTP2025 <https://www.santen.com/en/ir/document/pdf/202203/mtg2021to2025.pdf>
- Corporate Governance Report <https://www.santen.com/en/about/governance/pdf/governance.pdf>
- Sustainability <https://www.santen.com/en/sustainability/>
- Environmental Data Book <https://www.santen.com/en/sustainability/assets/pdf/environmentdb2021.pdf>
- Employment and Human Resources Data <https://www.santen.com/en/sustainability/assets/pdf/eprd2021e.pdf>